

**DEBATE ON THE
RAILWAY
PASSENGER DUTY
IN THE HOUSE OF
COMMONS, APRIL...**

Great Britain. Parliament. House
of Commons





DEBATE

ON THE

RAILWAY PASSENGER DUTY

IN THE

HOUSE OF COMMONS,

April 17th, 1877.

MR. KNATCHBULL-HUGESSEN had on the Notice Paper the following Motion:—"That pending the question of the abolition of the Railway Passenger Duty, as recommended by the Select Committee of 1876, the other recommendations of that Committee should receive the early attention of the Government," to which

EARL PERCY had the following Amendment, viz.:—"To leave out the words "pending the question of," and insert "although this House does not advocate."

PRINTED AND PUBLISHED FOR "THE ASSOCIATION FOR THE
REPEAL OF THE PASSENGER DUTY ON RAILWAYS," BY
WATERLOW & SONS, 49, PARLIAMENT STREET, S.W.

Transportation
Library

HE
3012
.1877

W. H. H. H.
H. H. H. H.
10 - 11 - 15

2-21-49 2W

PREFACE.

THE question of the Railway Passenger Duty is even yet so little understood that a writer in the "Standard" newspaper, the day after the debate this Session, declared that Mr. Knatchbull-Hugessen had fallen into an "evident inconsistency" in arguing at one moment that the tax fell upon the Passengers, and in the next moment that it was borne by the Railway Shareholders. Mr. Hugessen proved that, "*under varying circumstances*, the tax falls upon *both*," and one of the objects of this publication is to set forth clearly those "varying circumstances" from ignorance of, or inattention to which, the "Standard" falls into the palpable error of imputing inconsistency where none exists.

The plain statement made and proved in the accompanying debate is that this tax is in some cases one *upon locomotion*, the progress and development of which it retards, to the injury of the Public; in other cases it is an exceptional burden upon Railway Shareholders who are, as a rule, persons of comparatively small means, who have done nothing to deserve exceptional taxation.

Further, the case of the Railway System of England is, for the first time, fairly and fully brought before the Public in this debate.

It is shown that Railways are no monopoly in the invidious sense of the word—that Railway Companies were called into existence to supply a public want by private capital—that they work for the Public, and that inasmuch as their

property is considered as private property for the purposes of local taxation, and taxed for local rates in a manner exceptionally severe, this additional public taxation is manifestly unfair.

The tax is shown, generally, to be one which militates against the interests of the public, and its special hardship in urban and suburban districts, and most of all in the metropolis, where there is severe competition with untaxed locomotion, is proved to demonstration. The speech which each Member delivered during this debate has been sent to him for correction, and it is earnestly hoped that a perusal of the debate will satisfy those who are able and willing to consider the question in an impartial spirit, that, the taxes upon other methods of locomotion having been removed, just and fair dealing, and a consideration of the public interest, demand that the Railway Passenger Duty, avowedly imposed at first on account of the existence of taxation upon other methods of locomotion, shall no longer remain a part of our fiscal system.

Debate on Railway Passenger Duty.

MR. KNATCHBULL-HUGESSEN,

SIR,—I am afraid that the financial statement to which we recently listened, affords no great encouragement to any one who desires to ask for a remission of taxation. Nevertheless, since the Chancellor of the Exchequer is about to remit no taxation, and to impose no additional taxation during the coming year, I take it that his mind will just now be in a state so evenly balanced, that he will be able to consider with impartiality any arguments which may be adduced in support of a remission of taxation, such as that I now ask for, entirely in the future. Therefore I am about to call the attention of the House to-night to a tax which I consider to be vicious in principle, mischievous in its results, unequal in its pressure, uncertain in its incidence, and to combine within itself, except only as regards the facility of its collection, almost every evil to which taxation is subject. Moreover, this is a tax which upon its first imposition was avowedly imposed for reasons which no longer exist, and under circumstances which have been exactly reversed. Further, this tax, after careful inquiry, has been condemned by the report of a Select Committee of this House as a tax which “is an undesirable one to maintain longer than is necessary from a fiscal point of view.” Now, I claim to speak to-night as a member of that Committee, representing the opinions of a large majority of its members, and as such, I present to the House arguments in support of their decision. But I speak also—and I say it with the utmost frankness to the House—as a railway director, representing the opinions of every railway company throughout the United Kingdom. (An honourable member “hear, hear.”) I know what the cheer of the honourable member below the gangway means, and I will answer it at

once. I know that there exists in certain quarters a great prejudice against railway directors and railway shareholders, as if they were the natural enemies of the public. I will endeavour to show the House to-night that this is an unreasoning and unreasonable prejudice. But, before I do so, I will ask permission to make two remarks. The first is, that, although it is quite true that I have recently joined myself to the unfortunate class of railway directors, I am still very much more of a landowner than a director, and my financial connection with railways is of far too limited a character to have tempted me (even if I could have been tempted under other circumstances) to have taken up this question from any personal motives. And my second remark is that I would say that I would not have taken up this question at all if I had not been thoroughly and honestly convinced that the interests of the public are in this instance identical with the interests of those who demand the remission of this tax.

And now, sir, I will proceed to establish every one of the propositions concerning this duty with which I commenced. I said, first, that this was a tax that was vicious in principle. Sir, I hold this to be true of any tax which tends to check the development of a great industry—to impede the extended application of capital to such development—to interfere unnecessarily with the working details of an industrial system, and to complicate social arrangements, which, as far as possible, ought to be free, simple, and unfettered. When we swept away the corn laws, we did so because we felt it unbearable that the food of the people should be made dear by our legislation. When we abolished the window tax, we did so because we felt it intolerable to tax the free light of heaven; and now, when circumstances have brought our country to such a condition that, to the great bulk of our population, locomotion has become little less of a necessity than light or food, I say that it is intolerable and unbearable to place a tax upon locomotion. A tax upon the means of communication from one end of the country to the other—or, in other words, a tax upon the free circulation of the people from place to place—was once well compared by Mr. Hume to a tax upon the arteries of the body which supply and promote the free circulation of the blood, and I maintain that a tax upon locomotion at the present day is not only opposed to every principle of political economy, but is utterly repugnant to those dictates

of common sense by which Englishmen generally profess to be guided.

And now, sir, I propose to give a short history of the tax ; of its present condition ; and of the reason why the crusade against it, long delayed, has now been resolutely commenced. And whether that crusade be successful this year, next year, or the year after, sure I am that eventual success must attend efforts which are directed against an impost which no man, in or out of this House, with any claim to be considered a financial authority, will venture to defend upon principle. This tax was first imposed in 1832, and it was justified by one argument only, namely, that there ought to be equality as regards all methods of conveyance, and that one method ought not to be taxed whilst another goes free of taxation. These short quotations will substantiate in every particular the accuracy of my statement.

Mr. Hume, on August the 9th, 1832, said—

“It is really astonishing when one considers the immense advantages that result to the community at large, aye, and to the revenue, from the formation of railways—that Government should, for a moment, entertain a proposition which is calculated to check their extension.”

Lord Althorp replied, as Chancellor of the Exchequer—

“I perfectly concur with my honourable friend, the Member for Middlesex, in thinking that the public would gain more by the repeal of the duty on coaches than by the imposition of a new tax upon railroads, but as the Government are not, at present, prepared to take the former step, it is but just that steam conveyance should be placed on something like an equal footing with conveyance by horse coaches.”

Mr. Spring Rice (afterwards Lord Monteagle) said—

“It is the opinion of the Government that while the duty is continued on stage coaches, locomotive engines should not remain untaxed.”

Well, sir, that having been the sole justification of the tax, I will proceed in a few words to show that that justification is no longer possible. In 1855 the duty upon stage carriages was reduced ; in 1866 it was further reduced ; in 1870 it was repealed, and in 1874 the duty upon horses was repealed, so that stage carriages upon roads now only pay a tax of two guineas a year for each vehicle so employed, and in London there is a police tax of similar amount for superintendence and inspection.

Therefore, sir, I am justified in saying that the reasons for which the tax was first imposed no longer exist, and the circumstances have been exactly reversed. For, while the tax upon carriages travelling upon roads has been ro-

duced to a minimum, taxation upon railroads has been maintained and augmented. It will be difficult to show the reason for this, but it certainly is so. I will follow the history of the tax and show this in a few short sentences. In 1842 the old passenger duty was changed to a duty of five per cent. upon the gross receipts of railroads, and this system, subject to some exemptions, has continued up to the present time. Be it remarked that, speaking roughly, the working expenses of railways are about fifty per cent. on the gross receipts ; although in many cases they are more, and the tax is therefore practically a minimum tax of ten per cent. on the net receipts.

In 1844 came the Cheap Trains Act, by which Parliament sought to obtain and secure greater facilities for the poorer class of travellers. By that Act all companies were obliged to run at least one train a day from one end of their lines to another, stopping at every station, going at a rate of not less than twelve miles an hour, including stoppages, and carrying passengers at a rate not exceeding one penny per mile. Except as regarded the fares, powers were given to the Board of Trade to dispense with any of these conditions, and trains so sanctioned by the Board of Trade were exempted from the duty. This was agreed to in obedience to the recommendation of the Select Committee, which I will read to the House :—

“That the Board of Trade have a discretionary power of dispensing with any of the above requirements, and of allowing alternative arrangements, which shall appear to it to be better calculated to promote the public convenience upon any particular railway.”

Under the belief that they possessed this power, the Board of Trade went on granting the dispensation from one or other of these conditions for upwards of twenty years, and there followed a great development of third-class traffic, owing in a great measure to the exemption from duty thus obtained. Then in 1866 the question arose, upon which the Inland Revenue denied the authority of the Board of Trade to dispense with the condition which compels the trains to stop at every station. The case was eventually decided in the Court of Exchequer, in 1874, and on appeal their decision was confirmed last year in the House of Lords. It was there decided that the Board of Trade had no such power, and that therefore trains in order to obtain exemption from the duty must stop at every station from one end of the line to

the other. The consequence was that the tax rose from £514,000 in 1874, to £736,000 in 1876, an addition in other words of between forty and fifty per cent. Of course there was an outcry against this decision, which the House will perhaps hardly think to be unnatural.

Well, now, sir, I must pause here to say a word in defence of the railway companies from a charge which has been made against them with respect to these exemptions; a charge which I shall show to be utterly unwarrantable, and supported by arguments utterly untenable. It has been said that for this period of over twenty years the companies evaded duty which they were fairly liable to pay, and that a sum variously estimated at from one to five millions of money thus went into their pockets, which ought to have gone into the Exchequer. I shall show the House the utter fallacy of such a statement. What the companies did in the first place was simply to carry out the requirements of the Board of Trade, and they acquiesced in a belief as to the state of the law which was shared by the Government departments, and by everybody else.

There is another thing to be considered. If it had been known in 1844 that the interpretation first given in 1874 was the real interpretation of the law, and that the Board of Trade had no power to dispense with the condition of stopping at every station, no doubt things would have been managed very differently. Probably the development of third-class traffic would have been much less; again, the companies would have had it in their power to have complied with the condition of stopping, and so obtained their exemption. Therefore this sum of one, two, or three, or five millions is entirely an apocryphal sum which never existed, and would not have been received. But what is absolutely certain is this: I do not call the late decision ridiculous, because nothing which comes from the Court of Exchequer or the House of Lords can be ridiculous; but if this had been known to be the law in 1844, the inconvenience to the public of these stoppages would have been very soon discovered to be so great that there would have unquestionably been an overhauling and an amendment of the law. Nobody can read the papers in the matter without coming to the conclusion that the intention of Parliament was that the Board of Trade should have the power of dispensing with every condition which hampered the convenience of the public, and the

really true way of putting the case therefore is—not that the railway companies escaped during the years between 1844 and 1874 a payment of duty which they ought to have made, but that since 1874 they have been subject to an amount of taxation to which Parliament in the origin never intended them to be subject. (Hear, hear.)

Well, sir, now let me call attention to some of the mischievous results which have sprung from this state of things. The intention of Parliament undoubtedly was, in passing this Cheap Trains Act, to encourage the railway companies to give good train accommodation to the poorer classes by exempting from duty the trains in which these classes were carried. Well, sir, but time is money, especially to poor people; and as soon as you oblige trains to stop at a great many stations to which they do not want to go, you rob them of their time. If the trains do not stop, there is no exemption, and then there is a direct inducement to the companies to cover the duty by means of an increase of fare. The companies, of course, were placed in a condition of false security. They thought that these trains had this exemption, and they developed their traffic under this belief, when it afterwards turned out that they had no right to it. The case is an exceedingly clear one. Take the case of any railway out of London with twenty stations on it. As a matter of fact, out of every thousand third-class travellers on that line, 990 will want to go to three or four out of those twenty stations, these being the places where their labour is required. Therefore you inflict an immense amount of inconvenience upon these travellers if you oblige the trains to stop at 16 or 17 other stations, and yet unless the trains do stop there, according to the recent decision, the companies are not exempted from the duty, and the tax falls upon them.

Sir, this condition of facts furnishes a striking commentary upon the impolicy, nay, the folly, of Parliament attempting to interfere with the details of the working of these great industrial enterprises. If you allowed railway companies to carry their passengers in their own way (subject always to the limitations as to fares imposed by their several Acts) the result would be that for their own interests they would carry their third-class passengers at such times, to such places, and for such fares as would secure the accommodation of the greatest number. In other words, they would run their trains in such a way as to secure to themselves the

greatest number of passengers. But the moment you begin to interfere by your legislation in the details of a great system like that of railways, you complicate matters, you confuse time-tables, you interfere where no interference can do good, and you probably end by doing a disservice to the very class which you desire to benefit.

But this is not the only mischievous result of the tax. For the development of trade and accommodation of residents in new and growing districts there is a constant demand upon companies for the erection of new stations; but if the erection of every new station is to necessitate another stoppage, and throw another difficulty in the way of obtaining the exemption from the duty; to that extent, you directly discourage the creation of new stations and the development of rising districts.

But then, it is said, granting all this to be true, that even supposing this tax to fall really upon the companies, the sum paid by way of tax is comparatively small. The evidence given by Mr. Samuel Laing before the Select Committee was very valuable on this point. He said that this money, though not always a very large sum, was frequently just the difference, the turning point which decides the company between the adoption or not of an improvement, or of some contemplated extension of its system. Take an exemplification of that. I take up the returns for 1875. The Great Western Railway paid £91,000 as duty in that year. Well that sum at four per cent., which represents the rate at which the great companies can usually raise capital, represents the interest on $2\frac{1}{4}$ millions of money, and that sum might have been raised if the company had been able to make use of that money instead of pouring it into the exchequer. If the whole of the money employed in paying the tax had been spent in making improvements, or extending the railway system, then the whole sum of £736,000 represents an amount which would have produced upwards of £18,000,000 available for developing the traffic and making improvements, and thus directly increasing the trade and also the revenue of the country. If, on the other hand, you stop the increase in traffic you are injuring indirectly the revenue of the country and serving no public interest.

But there is another mischievous result, which I consider the worst of all, I mean the difficulty under which the present state of the law places everybody who has to

carry it out. I don't know that I ever read a statement which struck me as disclosing such an immoral state of things as that disclosed by the evidence as to the state of the law and the condition of the tax at present. Every witness who was examined before the Select Committee, without one exception, agreed as to the simple impossibility of carrying out the law as it at present stands. Mr. Farrer, the able secretary of the Board of Trade (though he was a witness by no means favourable to the railway companies), admitted that the Board of Trade had "concurred with the companies in making holes in the Act." Mr. Melvill, of the Inland Revenue, gave evidence of a still more important character. He said in effect that the Board of Inland Revenue, dissatisfied with the state of things, had raised the point in 1866, and, after a large expenditure of public money, had obtained the decision to which I have referred, against the power of the Board of Trade to dispense with the condition of stopping trains at every station. The moment they did that, they found that it was impossible to act upon the decision, and they had set their wits to work ever since to evade the law, because, as Mr. Melville said, "it was obsolete." That was the real truth. The law is obsolete and impracticable, and cannot be carried out without enormous inconvenience to the public.

It is due to Mr. Farrer to say that what he proposes is that the obligation to run cheap trains should cease, that the exemption should of course go with it, and that the tax should continue without either. This proposal would no doubt get rid of a great deal of the present complication, but it would be at the expense of inflicting a very grievous burden upon somebody or other who now pays the tax, and the additional tax thus inflicted would be virtually the imposition of a new tax—as indeed the decision of 1874 has actually imposed a new tax, varying considerably the conditions imposed by Parliament in 1844, under a belief in which the great majority of the English railways have been constructed and worked. I say then, sir, that first the inconvenient stoppage of trains; secondly, the unnecessary interference with working details; thirdly, the discouragement to the erection of new stations; fourthly, the obstacle to improvements and extensions; and lastly, but not least, the impossibility of observing the law and the obligation to evade it imposed upon those whose duty it is to carry it out—all these things justify me entirely in saying that this tax is attended by many mischievous results.

Sir, upon the unequal pressure of the tax I need not detain the House for more than a few moments, for the inequality and the varying nature of the tax have not been denied by any one. Mr. Melvill stated that the percentage of third class traffic liable to the tax, varied from 21 per cent. on some railways to 39 per cent. on others. There are a number of companies whose fares are lower than the maximum rate they are entitled to charge, and who, therefore, are able to charge the duty to the public. There are also companies who by their Acts have the right to add this special duty to their fares above that which would otherwise be the maximum fare. On the other hand, there are a number of companies which have not that power, and which, either on account of charging already the maximum rate, or because of severe competition with other companies or with untaxed locomotion, are unable to charge the duty in their fares or to recover it from the public. Therefore, in that respect, the duty falls unequally upon company and company. But it also falls unequally because, being a tax on gross receipts, it falls alike on companies earning large profits and also upon those earning small profits, or none at all. Again, it falls very unequally even on those earning profits or earning a certain amount of profits, because gross receipts are no criterion at all of the expenditure incurred in earning those receipts. If you take any two gentlemen in this House (and I hope there are many) with a nominal income of £10,000 a-year, you will find that one in earning that gross income is obliged to spend £5,000, while another has only to spend as many hundreds. This is perfectly true also of railways, and you may have two railways, each earning the same amount of gross receipts, while the working expenses of the one may exceed the working expenses of the other by 10, 20, 30, or even 40 per cent. So that it is the fact that the railway passenger duty is not only unequal as between railway companies and other modes of locomotion, but it is unequal between company and company. I have established, therefore, and I do not think it will be denied, that there is unequal pressure in this tax.

Now, Sir, I come to a very important part of my case, namely, the incidence of this tax. When I had the honour of waiting upon the Chancellor of the Exchequer with a deputation upon this subject, he, with his usual astuteness, endeavoured to divide the forces arrayed against him, or

rather arrayed against this tax, by asking, "Does the tax fall upon the shareholder or upon the traveller?" and suggesting that the interests of these two classes were opposed one to the other. (Hear, hear.) Well, I think there is a great deal too much made of this, as I will presently show, and I shall hope to convince the hon. member for Derby, who cheers that view of the case, but who is a man of impartial mind, that there is nothing in it. I think that I shall be able to show the House in the clearest manner that the tax falls, under varying circumstances, upon both classes, and that both classes will be benefited by its remission. I will take the traveller first. Now, this is what is said at page 5 of our report :—

"Several of the leading companies who had power by their Acts to charge the duty in addition to their fares, immediately adopted this course in self-defence, and it seems probable that in the event of the railway passenger duty being continued in its present form, and at its present rate, this practice will be followed by those companies who have hitherto abstained from so doing under the belief that the tax will be ultimately abolished."

I wish, in view of this transaction, to read to the House Mr. Farrer's evidence on the point, and I do so because I think it is a view which will be put forward to-night, and because it is, in my mind, a proof of the mistakes into which clever men are apt to fall when they argue upon theory without a practical knowledge of the particular matter about which they are talking. I say this from no disrespect to Mr. Farrer, who is a most valuable public servant, and a personal friend of my own, who gave his evidence with great intelligence. But inasmuch as he was almost the only witness before us who gave evidence in support of this tax, I am obliged to put him, like Uriah the Hittite, in the front of the battle, not without the hope that he, or rather his arguments, may share the fate of that estimable gentleman. Mr. Farrer, in answer to questions 2309-10, thus stated his view upon the matter, he said :—

"When the fares are below the maximum the tax falls upon the company, and not upon the passenger, and it is a mere artifice when the companies put down a given fare, below their maximum, and then add to it one-tenth, and call it passenger duty; the companies will and do fix their fares, duty or no duty, at that amount which will bring them the greatest amount of net profit, and will and can no more saddle the duty upon the public than they could saddle them with a rise of 5 per cent. in the price of coals."

He adds, that :—

If the duty be remitted, the companies will absorb the increase of fares, and pocket the whole.

(Cheers.)

I note that cheer, but I hope that, nevertheless, the impartial minds of my honourable friends will be convinced by a few observations which I am about to make. Mr. Farrer's fallacy is twofold. In the first place, he considers the British public as an unreasoning instead of as a reasoning animal; and, in the second place, he is under a total misapprehension as to the relations between the companies and the public. The first practical answer to Mr. Farrer is to be found in the fact that since the decision of 1874, 26 railway companies, representing a capital of above 462 millions of money, and having a mileage of more than 10,750 miles, have charged this duty to the public, either on season tickets or on ordinary fares. I will tell the House why the companies did this, and why they were able to do it. Precisely because they know the British public better than Mr. Farrer knows it, and they knew that if the British public had it plainly put before them that in consequence of a patent and certain addition to a Government tax the price of the production of the article supplied was increased, they would hold that to be a valid reason why a certain increase in the fares should be demanded, and for that reason they would pay, with only a very small amount of grumbling. But it is the interest as well as the duty of the companies to please their customers, the public, and if the duty were abolished and the fares were not reduced the public would certainly grumble, and demand the reduction of the fares to their former amount, and from my own knowledge, and from the evidence given before us in the Select Committee, I believe in almost every case they would receive that reduction. Whether Mr. Farrer may consider it an artifice or not, I know this, that if I have been paying 20s. for any article which I am in the habit of buying and am afterwards charged 21s. upon the specific ground that the cost of the production of that article has been increased by a Government tax, I know perfectly well that it is out of my pocket and out of nobody else's that the shilling comes, and that I am practically paying the tax. And if that tax should be abolished and the cost of production consequently lessened, I should in that case not only grumble if the 21s. were still demanded, but I should bring to bear all the pressure in my power in order to obtain a return to my former payment.

Of course, I know perfectly well the retort to which I expose myself by this argument. My right honourable Friend will say, "If this is the case, and if the public pay this tax, then

the railway companies have no right to complain; their grievance is *nil*." But this retort cuts both ways. If the tax is paid by the public in the cases which I have quoted, then it is directly a tax upon locomotion, which everybody condemns. If the public pay this tax, I complain as one of the public that you should impose a duty upon that which has become almost a necessary of life, and I complain on behalf of railway companies that you should make them tax collectors, and oblige them to charge a higher price than they otherwise would be willing to do for the necessary they supply.

But I have also another serious complaint to make. There are 68 companies, with a capital of nearly 154 millions, and a mileage of more than 3,650 miles, who either cannot or at all events do not charge this duty to the public. Now, sir, in this case let there be no doubt as to the parties on whom this tax really falls. It does not fall upon well-paid chairmen, or thriving directors, or powerful corporations, although these are the images which people have before their eyes when they talk over their dinner tables, and in their clubs, about the fairness and justice of taxing what they are pleased to call "the great railway interest." There is no such thing as "powerful corporations," when you come to deal practically with the question. The tax does not fall even upon the debenture-holders or the possessors of preference and protected stock, save in comparatively few cases where there are no earnings to meet the tax gatherer. The tax falls upon the holders of ordinary stock. Let me show the House what I mean. After the railway company has paid its working expenses, the salaries of its officers, and the money due to its protected shareholders, whatever is left over is applicable to the dividend of the ordinary shareholders. Be it remembered that these people pay income tax upon their dividend before they receive it, and this tax is, in fact, a preliminary, a heavy, and an exceptional income tax, not upon the dividend, but upon the money applicable to dividend before it becomes so applicable. Therefore the duty is in reality a heavy additional tax upon the investor in one particular kind of public securities, and that the kind which, from its nature, from the small amounts in which it can be obtained, and from the facility of its transfer, is the favourite kind of investment with that great class of the public who are only able to invest a small and moderate sum.

But, of course, my right honourable Friend will say

"These people have come to the tax, and the tax has not come to them." (Cheers.) Hear, hear, again! Well, sir, if this were strictly true, I do not know that it would be any strong argument in favour of the justice or fairness or morality of the tax. But it is not strictly true. (Hear, hear.) The decision of the House of Lords was only given a short year ago; that decision raised this tax 40 or 50 per cent. No doubt there are a certain number of speculators (with whom I have nothing to do) who may buy and sell again for the mere purposes of profit, but as regards the greater number of holders of ordinary stock, i. e. the *bond fide* holders, who look to this as a source of permanent income, it cannot be contended for a moment that their identity has changed to any appreciable extent within so short a period. Therefore the burden has come to these people, and they have not come to the burden, and that being the case, I want to ask another question.

If the holders of ordinary stock are the people upon whom this burden falls, as undoubtedly it does fall upon them in the cases to which I have alluded, I want to ask my right honourable Friend, and I want to ask the House, this question—"Are the public any great gainers by the transaction?" I say emphatically "no"; and I will tell the House why. It is directly contrary to the public interests that the holders of ordinary railway stock should be debarred from receiving a fair interest for the money which they have invested. And why, sir? Railway directors occupy an intermediate position between the public and their shareholders, and are bound to consult the interests of both. Now, what does a fair dividend to the ordinary holder of stock mean? It means that it gives power and inducement and encouragement to railway directors to develop traffic, to enlarge accommodation, to adopt improvements, and in every way to extend their business in the interest both of the public and their own shareholders. But what does a low dividend, or no dividend at all, mean? It means an obligation forced upon railway directors to cut down and keep down every possible expense; to curtail accommodation, to abstain from improvements which would not immediately pay, to postpone extensions, and to wring every possible shilling from the public in order to prevent their poor shareholders being starved.

Sir, it is an immense mistake to suppose that the real interests of the public are opposed to the interests of the

railway companies, which are doing the public work and working for the public. The more prosperous a railway company is, the better able it is to serve its masters and customers, the public—and there is no railway director or chairman who knows his business who will not endorse the statement which I now make, namely, that the true policy of every railway company is to take the public, as it were, into partnership, to make the public participate, aye, and know that they participate, in every additional prosperity that may happen to accrue to the company. I say, then, that whilst on the one hand, when the tax is paid by the public in the shape of increased fares, it sins against every accepted principle of finance, so on the other hand, when it falls on the ordinary railway shareholder, it is a burden upon a particular class, grievous to be borne, and at the same time it is equally opposed to the true interests of the public.

And now, sir, I have to encounter a more formidable opponent than Mr. Farrer, namely, my right honourable Friend, the Chancellor of the Exchequer. In answering the deputation to which I have already referred, he spoke in this way concerning the incidence of the tax. He said—"We know that taxes are ultimately paid by the consumer, and therefore it is not unreasonable to suppose that this tax is paid by the passenger. But I do not know that this doctrine is always true, because the effect of taking off a tax where there is unlimited competition, gives the consumer a benefit, for he is benefited by the additional competition brought into the field, whereas if the tax is upon a monopoly, it may be that the consumer will get no benefit by the remission, and the trader alone will get the benefit."

On this question of monopoly, I will meet my right honourable Friend face to face to-day. I will take that argument of monopoly in my hand, and I will tear it up once for all and trample it under foot. I deny that my right honourable Friend has any right whatever, for the purpose of this argument, to call a railway company a monopoly. Every railway company is a trading company, established by Parliament and regulated by Act of Parliament. The fares of every railway company are appointed and limited by Act of Parliament. The action of every railway company is fettered by restrictions imposed by Parliament, and is interfered with, I must say not always with advantage to the public—by Government officials. The only way in which

a railway company can hope to escape from competition, is by serving the public well, and carrying the public in a safe, speedy, and efficient manner. And, during the history of the last forty years, company after company has seen its property seriously depreciated by the construction of competing lines sanctioned by parliament.

Well, now, I want to go a little more closely into this question of monopoly. I want to know what is a monopoly? I suppose a monopoly may be defined as an exclusive right to sell something to the exclusion and detriment and at the expense of other persons. Well, but when you speak of a monopoly in this sense, surely you must imply the antecedent condition, that if the monopoly did not exist, the work it does would be performed by free and fair competition. I want to know if this is possible in the case of railway companies? I contend that where there is a sufficient public demand, there is either a competing line of railway going to the same town or place, or else there is the wholesome dread of competition, which produces practically the same effect. But you cannot have free competition with railway companies in the same manner and to the same extent as in ordinary trades. If you say to a butcher or to a grocer, in any town, "you alone shall sell meat, you alone shall sell groceries," you give to each of these men a virtual monopoly, and one that is injurious to the public, because you exclude 500 or 600 other persons who could supply the same articles with equal facility. But in the case of a railway, the enormous expense of construction and maintenance prevents the article of locomotion which it supplies being supplied by the ordinary agencies of trade. And, when you have got your railway constructed, you cannot have free competition in the sense of allowing everyone to run a carriage over it when he pleases, for, in that case, travelling would not only be enormously dangerous, but physically impossible. I sum the case up thus then, as regards monopoly:—The creation of a monopoly is injurious to the public, where, but for that monopoly, the same work would be done by full and free and fair competition, but the creation of a monopoly to perform a service to the public which can only be performed by a monopoly stands altogether upon a different footing. And when you surround that monopoly with regulations and restrictions, it is preposterous to call it a monopoly in any invidious sense, because it is created, not for the interest of individuals, but in the interest of the public.

When my right hon. Friend talks about monopoly, I say boldly, before the House and before the country, that an enormous injustice is done to railway companies and railway shareholders by the use of such language and the encouragement of such ideas by persons holding the high and responsible position of my right honourable Friend. Let the House consider for a moment the circumstances under which these companies came into existence. When it became evident that steam communication from one part of the country to the other was a necessity, the State had to consider how it would provide that communication. The State deliberately resolved that it was not expedient to employ the public money in the construction of railways, but that it would encourage and regulate individual speculation and individual enterprise. Therefore, at the desire of the State, by the authority of the State, and subject to the direction of the State, railway companies were called into existence, to create and to conduct the locomotion of the country.

Now, I want to ask the House to consider with fairness (and the House of Commons is always fair) what is the answer to be given to three questions which I will ask at this point. In the first place, did the State give the railway companies the land for the construction of those lines which were so necessary for the public service? Not one acre: No doubt, as I shall be told, compulsory powers were granted. Yes, compulsory powers; but will anyone deny that the railway companies had to pay an enormous price for the acquisition of the land?—and is it not indubitably true—first, that no landowner throughout the length and breadth of the country received less (and many received much more) than a full and fair price for his land; and secondly, that in ninety-nine cases out of a hundred, the remaining portion of his property was immensely improved by the construction of the railway? (Hear, hear.) You must remember, when you talk of taxing the railways, this great preliminary expense which you threw on the companies; and, when you compare the taxation of railways in England with the taxation of railways in America, as was done the other day, do not forget that in America not only were enormous facilities given for the construction of railways, but that from first to last a tract of land as big as the whole of England was given to the constructing companies.

Then for my second question: did the State assist the

railway companies by granting them any subsidy of public money? Not one single farthing. You must remember this, again, when you compare the taxation of English railways with that of foreign railways, as is constantly done: Belgium constructed her railways, and carries them on, as a State affair. France not only gave great facilities for the acquisition of land, but she has also given heavy subsidies to the railway companies from the public exchequer, so that when France is compared with England in regard to her taxation of railways, remember that when France taxes her railways she taxes the creation of her own State money and State aid, but that when England taxes her railways, she taxes the creation of private enterprise and private capital.

Well then, I ask my third question: did the State give any exemption to the property of railway companies from local taxation? Not a bit of it. Remember this, for it is an important point to bear in mind. No exemption was given, such as is given to the ordinary highways of the country, which are not liable to rates, but are made and supported by rates. Railway companies not only have to maintain their own roads, but they are rated in a manner which I shall presently show to be exceptionally severe. What then did the State do for the railway companies? I will tell the House. The State, having allowed the railway companies, for the sake of the public, to purchase land at an enormous cost, and thereon to construct their railroads, said this: "We will now allow you to use your own property for the public service, under such conditions, regulations and restrictions as we shall impose on you." The State said more, and no doubt very properly. It said, "We must protect the public from overcharge, and therefore we shall put a limit upon you in every case as to the charge which you may make for carrying the public." And the State further said, "If you do not carry out these regulations and observe these restrictions, or even if you do so and the public require something more, we will not protect you from competition with other lines that may hereafter be sanctioned."

What, then, is the real true statement of this matter, which cannot be controverted? There existed a great public want: the State, wisely or unwisely, shrank from supplying it; the railway companies, at the call of the State, came forward to supply that great public want, which, but for them, must have been supplied by a great expenditure of

the public money and a great consequent increase of the public burdens, and when they had done so, in return for their labour, their energy, their enterprise, and the capital which they had expended, the State permitted them to carry the public over their own property, tied down to specified rates and charges. I ask any honest man to answer this question, "Which has gained most by this transaction, the railway companies or the public?" and I do not think any other answer can be returned but this, that the public have had greatly the advantage. I do not for a moment wish to doubt the powers of the State or the powers of Parliament in dealing with railway companies, but I think, considering all things, that the railway companies might be looked on in a little more friendly light than they are by some in this House and elsewhere.

Now, I want to go to another criterion of monopoly, for I cannot deal with this question of monopoly in a moment. What is one criterion of monopoly that first occurs to the mind? It is that the monopolist has invested his capital in a better and more successful manner than other people have done, or could do, and that he is obtaining a better return for his capital than the ordinary rate of interest will give him. I want to know whether that is the case with regard to railway companies? I think it can hardly be contended that it is so. I see from the returns, that there are several companies—over fifty, I believe—with a capital of between thirty and forty millions, which pay no interest at all, while the average interest over all the rest is a fraction above four per cent., which does not seem to me to be anything very extraordinary. I sometimes marvel when I hear people talk of the high rate of charge on railways, as if it should not bear some proportion at least to the cost of construction and maintenance, and to the heavy burdens which you put upon railways, in the way of taxation. I hear people grumbling about paying fourteen or fifteen shillings to go to Tunbridge or Ashford, and they grumble as if the shareholders were reaping a rich profit from these charges, entirely forgetting that they are carried much faster and are accommodated in a far better manner than was the case a very few years ago, when they would have had to pay three or four pounds to reach these places in a far less comfortable manner, and would have lost the best part of a working day in the journey.

But since we are talking of monopolies, let me ask the House for a moment to consider the case of another monopoly I am going to read to the House some interesting words which I read the other day. We have heard something about Gas Companies, and from a communication made by the Chairman of Ways and Means last night, we shall probably hear more with respect to them before the week is out. Well, here are some words bearing on this question :—

“A Gas Company has, by the nature of the case, a monopoly of the district it serves, and there has always been a difficulty in reconciling the interests of shareholders and the interests of the public in regulating this monopoly. It is essential that the shareholders should obtain a fair and even a generous profit on their capital.”

Why is it not equally essential that the shareholders in railway companies should obtain a fair profit on their capital ?

“But it is also necessary that consumers should be protected from exorbitant rates. The means now for a long time approved of securing both objects, has been a provision that Gas Companies shall not divide more than 10 per cent. profit on their capital, and if their profits exceed this rate they are required to reduce their charges.”

This quotation is from a leading article in the “Times” last week.

Now I want to compare the treatment of Gas Companies by Parliament to that to which Parliament has subjected Railway Companies. It is a strange thing that this notion of 10 per cent. once prevailed with regard to both, for in the Cheap Trains Act of 1844, the first clause enacts that :—

After the construction of any passenger railway, when “the clear annual profits divisible upon the subscribed and paid up capital stock of the said railway, upon the average of the three then last preceding years, shall equal or exceed the rate of £10 for every £100 of such paid up capital stock,” the Treasury, after three months’ notice in writing to the company, may revise the scale of tolls and fix a new scale.

Therefore it is clear enough that, as in the case of the Gas Companies so in the case of railway companies, Parliament had it in its mind, that the limit of 10 per cent. profit was a reasonable and fair limit that might properly be reached. But what is your difference of treatment as regards these two kinds of company ? I do not know that one kind of company is better than the other ; one supplies the best kind of light, and

the other supplies the best kind of locomotion ; and yet while Parliament has secured to gas companies a minimum profit of 10 per cent. (cries of "maximum!") no, I beg your pardon, minimum, for gas companies are not to be interfered with till they have got 10 per cent. (if they get more they may be interfered with), on the other hand the railway companies are so overburdened with taxation that they are effectually prevented from reaching an average profit of even half that amount. Only three railway companies in the whole of England with a capital of less than five millions, have obtained 10 per cent, while, as to the other companies, with a capital much exceeding six hundred millions, an enormous number have only obtained a low percentage, and the average of the whole dividends of the railway companies is only just above 4 per cent.

Now, apart from the question of monopoly, I wish to say a word as to the other burdens which place railway property in an exceptionally hard position. You treat the property of railway companies as private property for purposes of local taxation, and then you treat it as public property for the purpose of imperial taxation and imperial control. Now, railways are the only industry, except canals, which is rated on its earnings. You do not go to the banker, the brewer, the publican, or the ordinary tradesman, and rate him upon his profits. You do not enquire into his earnings and rate him thereupon. You do nothing of the kind. A man may be making £10,000 or £20,000 a year in a house, but you rate the house on the rent for which you estimate that it would let from year to year. It was attempted last year, before the Select Committee, to contend that coal mines stood upon the same footing as railways, but there is an essential difference between the two. A coal mine is a thing confined to a locality, and the rates are paid in and for the benefit of the locality in which it exists. Moreover, in the great majority of coal mines, the rate is paid on the royalty of 6d. or 1s. per ton of coal raised, which is considered the equivalent for an annual rent, but it has nothing to do with the subsequent profit which the person raising it may make per ton, after it is raised. But a railway, having all its accounts before the world, published according to Act of Parliament, is rated upon its earnings, and, as I want to show the House, not on its earnings in one locality, but on its earnings in all

localities through which it passes, and earnings which could not be earned in any one locality, save in connection with the other localities. For in fact you are not rating the land upon which the rails lay, which earns no money of itself, but you are practically rating the carriages which run upon the rails and earn the money, which are really the stock in trade of the railway, whereas no other trader is rated upon his stock in trade. (Hear, hear.)

I will give the House a sample of what I mean, and I do it the more readily, because four-fifths of the parish to which I shall refer, belong to myself, and I may say that I gain infinitely more by this mode of rating, and the injustice done to railway property, than I should gain by the abolition of the passenger duty if it were abolished to-morrow morning. There are 1,613 acres in this parish, 23 acres of which are highways, which pay no rates, and are supported by rates, 20 acres are railway property, and the remaining 1,570 acres are simply houses, small shops, agricultural land, with two or three mansions as they are called, including my own house, rated separately, and I think they are rated at quite a sufficient amount. (laughter.) Well, the land throughout this parish is nowhere rated at £2 an acre—it is somewhere between 30s. and £2.—but the railway property, which is taken on the earnings of the whole line, is rated at £88 per acre; so that the other day, while a rate of tenpence in the pound, produced £238, the mansions and shops and all the agricultural land, paid £133, and the 20 acres of railway paid £105. (hear, hear.)

Now, this is only one instance out of hundreds of parishes similarly situated, and I want to know if it is possible to produce an instance of a more iniquitous tax? Remember, moreover that, besides this, the parish, as is the case with almost every other parish, has benefited immensely by the construction of the railway; the value of the land has been raised and great accommodation given to the whole district. I complain, then, to-night that with regard to local taxation you treat railway property in every respect as private property, and in that respect you rate it upon a basis exceptionally severe, and then you turn round and say to the owners of railway property, "We will now impose on you an imperial tax, because, under the restrictions and limitations to which we have subjected you, we have accorded to you the glorious privilege of carrying the public!"

I think I have already shown some grounds why the Chancellor of the Exchequer should consider this subject. But I am sorry to say that I have a few more observations to address to you upon the remarks that he has made to deputations on this question. In a speech which he made recently, he said, "I shall have to consider other questions—the general convenience of the public on railways, and those questions referred to in the report of the Railway Accidents Commission respecting the safety of the public. I do not like to take these questions apart from each other, and I shall consider them together." Now, I can have no objection to my right hon. Friend considering any number of questions together, though I notice that anyone who follows this course is rather apt to get confused between one question and the other. But I say that the question how he will deal with the Railway Accidents Commission's report is quite distinct from the question of the justice or the injustice of this tax. If the tax is just, keep it on by all means, but if it is unjust, let him not say "I will maintain something that is unjust, unless you do something else which comes under a different category," for this, if right to be done, you might equally well ask the companies to do without any reference to this tax at all. One word more about the Railway Accidents Commission; I hope my right hon. Friend will not attempt to remove from the railway companies any of the responsibility which they are now under for the protection of the lives and safety of the public. There are many things in that Railway Accidents Commission's report, some of which are somewhat extraordinary, and if it were germane to the question before the House I would enter upon that subject, and would show my right hon. Friend why he should proceed with the utmost caution with regard to it, and remember that whilst undue interference may do much mischief, the railway companies have the strongest of all motives, namely, that of self interest, to provide for the safety of their passengers. But I must say that I entirely agree with this axiom, that it is the duty of the Chancellor of the Exchequer, and indeed of the whole House, to consider how best the internal traffic of the country can be carried on, and no one can object to this being made an object of consideration.

Now, in answering a deputation of working men, my right hon. Friend made use of some observations which

I think I am bound to notice. In speaking of this question he said—"the railways ought to give advantages to working men," in return, as I understand, for the abolition of the tax. The answer which I make to that is this—that the railway companies have already given an immense advantage to the third-class passengers, that is, to the passengers called (though I object to the term) "working men." When the railway companies were given an exemption which they believed the Board of Trade had power to give them, they gave greater facilities than they were obliged to give to working men. You tempted them to do it by that exemption, and now, having taken away the exemption, you want to make them give other advantages, though they have given all that they can be fairly called upon to afford, as far as this tax is concerned.

My right hon. Friend talks of advantages to be given to working men. I want to know whether the Government have shown an equal regard to the interests of working men throughout. Let me show you what is the condition of things. I have recently had put into my hands—and this is an argument that may be used elsewhere—a statement that the railway passenger duty on third-class passengers amounted in 1873, if the calculations given to me are right, to about £40,000. The passenger duty raised on third class traffic since the decision in the courts of law has come to about £260,000, the tax having been increased on third-class passengers, that is, on working men; on those who are considered poor people. But the government has remitted the duty on horses kept by the upper classes, and it is calculated that the tax on the riding horses of the upper classes produced about £280,000. Therefore, the actual result is that you have taken a burden of £280,000 off those who could afford to keep horses, and that you have put it on those who are obliged to go in third-class carriages. I do not blame the right hon. Gentleman for having taken off the duty on horses, but I think that he ought also to have taken off the duty on third-class passengers, and not made the latter supply the deficit caused by the remission of the former tax. My right hon. Friend may ask me "Do you know what loss to the revenue the abolition of the tax will produce?" Well, that is not a question that I will attempt to go into at the present moment. In evidence before your Committee, the officers of the

Government departments computed that the restriction of the tax to fares above a penny would amount to something like half the tax, but I will not enter into that question further than to say that, whilst no figures upon this subject can be entirely reliable, the extensions and improvements which would follow the modification of the tax would doubtless supply much of the first loss to the revenue.

Thus far, sir, I have dealt with the whole question of this tax, and have endeavoured to show its impolicy, its oppressive nature, its inequality, and its injustice. I have encountered—I hope not unsuccessfully—some of the arguments which the Chancellor of the Exchequer has thrown out in answer to deputations, although I am bound to say that he has never taken up a definite position as a defender of this tax. I have exposed some of the fallacies which have been put forward by those who will insist in looking upon railway companies only as “powerful corporations,” and who are unable to see in our protest against this tax anything beyond that natural impatience of taxation which is common to all taxpayers. But my right honourable Friend has one argument above and beyond all others, against the force of which I feel myself unable to contend at this moment. He will display his empty pockets and tell me that his poverty and not his will obliges him to refuse that which he knows to be my reasonable request. He will say, “You cannot draw blood from a stone;” the revenue must be supplied somehow or other, and without a surplus—I fear without the immediate prospect of a surplus—it is impossible to give up the large sum of money, the loss of which would be entailed by the abolition of the railway passenger duty. My right honourable Friend’s position reminds me of an anecdote I was lately reading about Mr. Douglas Jerrold, to whom a friend said, “Have you got the courage to lend me a guinea?” “Yes,” replied Jerrold, “undoubtedly I have got the courage, but unfortunately I haven’t got the guinea.”

Well, sir, I might meet my right honourable Friend even upon this ground. I might tell him that the expansion and extension of a great industrial system such as that of railways so adds to and feeds the general prosperity, and so directly and largely increases the revenue of the country, that I could hardly suggest a wiser expedient to a Chancellor of the Exchequer in search of a surplus than the removal of any tax

which checks and impedes such an expansion. But I am not going to ask my right honourable Friend for any extraordinary concession to-night. The more confident I am in the strength of my cause and the validity of my arguments, the more willing I am to bide my time, and to give ample opportunity for my right honourable Friend and for the country to consider the question in all its bearings before they decide upon the total abolition of this tax. Therefore I do not ask the House, without further consideration, to endorse even the conditional condemnation of this tax which has been expressed by the report of our Select Committee. What I do ask is the early consideration by the Government of the modifications recommended in that report to be adopted until the finances of the State warrant the abolition of the tax altogether.

Now these modifications may be said to comprise two main objects: first, that by restricting the tax to fares above 1d. per mile, encouragement should be given to companies to charge low fares, and to provide train accommodation for the poorer class of travellers without being obliged to make the latter pay either in time or money for the exemption; secondly, that relief should be given from the tax in those urban and suburban districts where the competition of omnibuses, steam vessels and tramways greatly aggravates its injustice.

I hope my right honourable Friend will not meet me upon this question by suggesting any difficulties in detail. There may be such no doubt, as for instance the definition of urban and suburban districts, but if the principle is admitted, the definition can be easily managed. And with regard to the principle, the arguments used in 1832 come home to us with triple force when we apply them to the case of the Metropolitan Railways. I quote Lord Althorp's words once more: "*It is but just that steam conveyances should be placed on something like an equal footing with conveyance by horse coaches.*" So say I, and so says every man who is capable of taking a fair view of this question. But what sort of an equal footing does the present tax establish? Take the Metropolitan Railway, which is a fair sample. A capital of nearly eight millions was expended by that company at a time when omnibus companies, their principal competitors, were taxed by mileage and licence duties; the removing of those duties and leaving the passenger duty on had precisely the same effect as if on starting two men for a race you took the great-coat off one man and left it on the other. And it was as

unfair towards the railway company, which had incurred its expenditure under the belief that its competitor was equally weightened with itself, as it would be unfair if you had induced the man whom you made run with his coat on to back himself heavily under the belief and impression that his opponent was to run on the same terms as himself. I am quite aware that there are those who deny that there is any competition between the omnibus and railway companies, and that this view was put forward by Mr. Farrer. (Question 2835.) I cannot answer such a statement in a general manner better than in the words of Mr. Fenton, the able manager of the Metropolitan Railway, who very truly said that "it betrayed such entire ignorance of the facts with regard to omnibus traffic that it would appear scarcely necessary to refute it." But I will deal with the House of Commons more fairly than to give them a mere answer in general terms.

Let me ask the attention of the House to what are the actual facts of the case. When the Metropolitan Railway was opened its fares were based upon the omnibus fares. As soon as it was opened the omnibus companies reduced their fares, and as every section of that railway has been opened the omnibus companies have revised their fares and altered their service so as to compete more exactly with the railway at particular points, and more effectually altogether. The truth is, that this is nothing more than a competition between omnibuses above ground and omnibuses under ground, the difference being this, that the omnibuses under ground have to pay for the maintenance of their own railroads, and to bear a large burden of local taxation besides; while the omnibuses above ground, with a very much lighter load of local taxation, run upon roads which are maintained by other people. (Hear, hear.)

And let me call the attention of the House and of the Chancellor of the Exchequer to two points, for which I beg special consideration. First, that the underground railways are of enormous value to London in relieving the crowded traffic of our streets, and therefore that, from a public point of view, their development ought distinctly to be encouraged. I am aware that Mr. Farrer is of opinion that if there were no omnibuses the railway companies would not carry any more passengers under ground than they do at present. But against that opinion I set the judgment of the practical managers of these railways, and, after having made very careful inquiries,

I am in a position to say that if this industry were unfettered, and if it were, on the contrary, encouraged, instead of there being no more passengers carried, it is susceptible of very large development, every morsel of which development would be directly and greatly in the interest of the public.

Again, as to my second point, I do not wish to see one class favoured more than another in legislation, but we cannot shut our eyes to the fact that the metropolitan railroads are especially used by the operative classes. From sixty-five to seventy per cent. of those carried upon the metropolitan railways belong to those classes, and therefore it is of the greatest importance to them that there should be a continuous and good service of trains by which they are conveyed to the places of their daily labour. But if you overweight the metropolitan railways by taxation, inasmuch as competition prevents their raising their fares, you force them to save expense by reducing the amount of accommodation which they afford to those classes. I would remind the House that Parliament has imposed an obligation upon certain railway companies to run what are called workmen's trains (which they do at a positive loss) in order to convey people to and from their work. Well, that being the case, I say it is a matter worthy of the consideration of my right honourable Friend whether he should not so relieve these companies of the burden of this tax as to increase their power to accommodate the working people of London, and in that way increase the advantages which they have already conferred upon the public.

Before I conclude the Metropolitan case, I must refer to the question of dividend. Now look at what has occurred in the case of the London General Omnibus Company. They paid no dividend until the licence duties, and the duty on horses were abolished. Now in 1863 that Company was relieved to the extent of something like £18,000 a year by the abolition of tolls in the Metropolis, and it was subsequently relieved by the abolition of the duties to which I have referred to the extent of some £50,000. I do not complain at all of these remissions. I am in favour of all taxes on locomotion being removed, but the effect of these particular remissions was that the Company very shortly afterwards declared a dividend of 9 per cent. This was given in evidence last year before a Select Committee, and I saw by an announcement in the papers only the other day that lately they have

declared a dividend of 12 per cent., clearly showing the development which has followed (as is always the case) their freedom from restrictive taxation. Why should such favour be shown to this Company, and the railway companies, who are conferring the greatest possible benefit upon the Metropolis, be deprived of a like benefit? What crime have railway companies committed against the community? What is the case with regard to these companies? The Metropolitan Railway Company by good management has just been enabled to pay a dividend of 4 per cent. to its shareholders. The Metropolitan District Railway Company is paying no dividend at all, and has never paid any, and all this time both these Companies have not only been compelled to maintain their own roads, but are enormously rated to local rates, and have to contribute heavily towards the expense of maintaining the roads over which their competitors travel free! (Hear, hear.) Could the force of injustice and inequality in taxation further go?

There are two other competitors to which I will very briefly allude. These are, first, the tramways. We have had some little talk about tramways to-day. A Committee has been sitting lately to consider the question of the application of steam power to tramways. Well, tramway companies, I believe, pay for the rails on which their cars run, and they contribute something to the repair of the roads, but they are not rated to local taxation, and they pay no passenger duty. But now I want the Chancellor of the Exchequer to tell me one thing. I have not had the advantage of seeing the report made by the Committee which has lately sat to inquire into this subject, but I am informed that they have recommended that some motive power, other than horse power, should be allowed to be used upon tramways on roads. I suppose that must be taken to mean steam power, and I want the Chancellor of the Exchequer to tell me at what point a steam tramway upon a road ceases to be a tramway and becomes a railroad, and why should a steam tramway, running upon a road above ground, be exempted from taxation which the railroads below pay? That is a question to which I should like to have an answer.

There is only one other class of competitors, namely, the steam vessels, which compete very greatly with railways, especially with the Metropolitan District Railway. I would not have said a word in reference to this part of the subject had I not

been aware that there are some parties who deny that there is any sort of competition between the other means of locomotion and the railway companies. In the "Times," of April the 10th, an account was given of the annual general meeting of the London Steamboat Company, over which Captain Pelly, R.N., presided. At that meeting a dividend of 10 per cent. was declared; and what did Captain Pelly, in moving the adoption of the report, say? He said—"They hoped gradually and permanently to put an end to *competition with certain railways*, and to work in harmony with them." A very noble sentiment. Bear in mind that you are told that there is no competition between railways and steam vessels, tramways and omnibuses. But he went on to say this:—

"As they possessed 17 miles of river traffic in the heart of the greatest city in the world, and, unlike railway companies, having no permanent way to maintain, no rails to lay down or renew, *no passenger duty to pay*, no fences to build up or maintain, but with the popular highway between east and west at their service, they had a right to expect an ever-increasing traffic."

I think after quoting these words, and giving besides some facts relating to the omnibus and tramway traffic, the House will be of opinion that the Select Committee of last year was amply justified in saying—

"The evidence shows that the railways in all large towns, and especially in and around the Metropolis, are subject to very severe competition with omnibuses and tramways."

I have only one more word to say about these modifications, and that is with reference to the 9d. limit. The limit of 9d. was carried in the Select Committee by a majority of 9 to 4, and the words "the competition is most severe in and around the metropolis," were carried by 12 to 3. The reason of the proposed exemption up to 9d., was that this limit would practically affect all the *bond fide* metropolitan traffic which is subjected to the competition to which I have adverted. I am unable to tell my right honourable Friend what the exact sum would be which the 9d. limit would take away from his tax, but I believe it would not reach £100,000. I speak, of course, on this point subject to correction.

And now, sir, I have very nearly concluded the duty which I have had imposed upon me to-night. I have endeavoured to show the injustice of this tax, and I have tried to advance some reasons for the modifications which were suggested by your Select Committee. Before I sit down I am bound to refer to the Amendment which is to be moved by my noble friend, the Member for Northumberland. I can assure my noble Friend

that it would give me great satisfaction if I could accept his amendment. Agreement with him would have formed the charm of novelty, independently of the satisfaction with which I should do so on account of my personal regard for him. I am bound to say, however, that I do not think the House will require many arguments from me to induce them to reject the amendment of my noble Friend, because he asks it to say "that this House does not advocate the abolition of the railway passenger duty, as recommended by the Select Committee of 1876," whilst he is apparently willing to agree to the rest of my Motion, namely, that the other recommendations of that Committee should receive the early attention of the Government." He asks you, therefore, to commit yourselves at once to an opinion, whereas I ask you to suspend your judgment upon the main question until you shall have been able to give it fuller consideration. I am much more modest than my noble Friend. I do not ask you to effect the abolition, but I ask the Government to take certain things into their consideration pending the question of abolition; that is before that question comes on for consideration. I ask you to be truly wise and not decide "aye or no," upon this question until you have more fully considered it in all its bearings. What I do desire my right honourable Friend to do is to consider at an early date whether he can or cannot adopt the modifications which were proposed in the committee. My object has been to place the case more fully before him, and I would not advocate the abolition of this tax at all, or even the acceptance of the modifications proposed by the committee, if I had not been most strongly convinced that the public interest, demands that this question should be dealt with in a fair just, and liberal sense.

I ask the right honourable Gentleman to take the whole question into his consideration. It may be that the State made a mistake in refusing to construct railways with public money. It may be that the State made a bad bargain with the railway companies when it employed them to conduct the locomotion of the country. If that be the case (I do not say aye or no) it is not too late to retrace our steps. The right honourable Gentleman may, without great hardship to anybody, buy up the chief railways of the country, and allow some department of the State to manage and regulate the whole system. I do not say aye or no to that

policy to night, but at least it would be a clear, definite, and intelligible policy. But if you are going to continue to trust private energy, private enterprise, and private capital to carry on and conduct the locomotion of the country, let there at least be fair play. Do not cramp and cripple that energy. Do not discourage that enterprise. Do not scare away that capital either by exceptional taxation or by a vexatious interference with the working details of railway management. Let the railway companies charge, within the limits of their Acts, a fair remuneration for the work which they have to perform, and then let them be governed by those general principles which regulate and guide commercial undertakings in general. Take what guarantees you please for the due performance of the public work; take what precautions you please for the safety and comfort of the public; retain your Board of Trade supervision and your inspection; and do whatever you think necessary in the public interest without unduly interfering with railway enterprise. But, if you seek to maintain this tax you will eventually find your error. A tax which is so contrary as this tax is to every rule of wise and just finance; to every axiom which has governed the policy of this country since the triumph of free trade, to every principle of equal and equitable finance, is a tax, which, however great the amount which it may temporarily produce, cannot permanently be maintained, and its retention as a part of your fiscal system only tends to check that development of trade and to impede that increase of public revenue which invariably follow the removal of undue fetters and unnecessary restrictions from a great and growing industry. (Cheers.)

MR. SERJEANT SPINKS: I rise to second the Motion of the right honourable gentleman the Member for Sandwich, and I trust the House will bear with me while I offer a few remarks on the subject under discussion, especially as I had the honour of bringing this question before the House in the first instance, for it may not be forgotten that last year I introduced a Motion which stated that in the opinion of the House it is expedient that the Railway Passenger Duty be reduced with a view to its ultimate repeal. This Motion of mine resulted in the appointment of a Committee to enquire into the subject, and I cannot but congratulate myself upon the fact that the evidence adduced before that Committee has been so far favourable to the views I then entertained that

the Committee actually recommended a reduction of taxation on railways, and also proposed that there should be, some time or other, a total repeal of the Passenger Duty. Now, I would venture, at the outset of the observations I have to make, to appeal to the noble Lord the member for North Northumberland, who has an amendment on the paper, not to distract the attention of the House from the question before it by introducing a subject which it was never the intention of my right honourable Friend or myself to bring to the notice of the House, and which must give rise to a certain amount of inconvenience, and probably result in a division. The Motion proposed by my right honourable Friend is a very moderate one, it merely asks that the Government should give their attention to the recommendations of the Committee. I cannot but think that the Government must already have considered, and will again consider the recommendations of so influential a Committee upon a subject which they have considered so very fully and as to which they took an enormous amount of valuable evidence. Now, at the time the Cheap Trains Act was passed undoubtedly there were great reasons for passing it. The poorer classes of the community had been accustomed to travel along the high roads of the country in stage vans and other cheap conveyances, which enabled them to get from their dwellings to all places to which they wished to proceed, at moderate rates; and when the railway system came into operation the railway managers did not at that time understand that a large part of their receipts and profits would have come from the masses, and no doubt they neglected that source of income. It was, therefore, quite necessary that some such act as the Cheap Trains Act should be passed to enable the poorer classes to get from one part of the country to the other. Now, however, the state of things is very much changed. Railway managers have learned to take a very different view of the subject, and in the course of the evidence given before the Committee, Mr. Findlay, the Manager of the North Western Railway Company, pointed out that so important was it to encourage the traffic of this class of people at a low rate that if you, on the one hand raise, or on the other diminish the fares between two great towns even to the extent of a penny, you will find an increase or decrease in the number of passengers as the case may be, thus showing the policy or impolicy of the course you have adopted. Although undoubtedly there may

not be now any very great reason for altering this Act in reference to the poorer classes inasmuch as they are now very fully provided for, yet there are other reasons why this Act should be dealt with and that very speedily. The able solicitor to the Inland Revenue, Mr. Melvill, stated before the Committee that the Act has become wholly inapplicable. In another part of his evidence he called it obsolete, and said that some of the proceedings of the Board were in direct contravention of the law. The accountant of the Board of Inland Revenue, Mr. Rickman, also spoke of the Act being impracticable; that it was impossible to carry it out in its letter; and he added, as to an arrangement which in his capacity of accountant he had found it necessary to make with the Caledonian and the Midland Railway Companies for collecting the Revenue on the per centage system, that it was entirely outside the law. There are three systems under which the officials of the Inland Revenue Board have endeavoured to collect the revenue. One is the ticket system which approaches as nearly as possible to the requirements of the law. That is a system under which tickets are issued by the Company for certain parts of the journey, which parts are free from the tax, while on the other parts of the journey that is not so. Then there is the mileage fraction system which enables the passengers to break the journey. This I may illustrate by the case of a traveller going from London to York; he is allowed to travel from London to Peterborough by a train that does not stop at any of the intermediate stations, and on the first of the journey the duty of course is payable, and then he is allowed to proceed from Peterborough by a stopping train and that part of the journey is exempt from duty, whereas according to the decision of the House of Lords the train in order to be exempt at all ought to stop at every station between London and York. Lastly, there is the per centage system which departs still more widely from the requirements of the law. Under this system, the accountant examines the books of the Companies for a given period and finds what per centage of the traffic is exempt and adopts that percentage as the basis of his future estimates. All these systems are more or less inapplicable to the altered conditions of the traffic upon railways.

One of the difficulties, which arises in dealing with this tax and the exemptions from it, is to ascertain exactly what comes within the meaning of the section of the Cheap Trains Act as

“trunk and branch lines,” and this difficulty is particularly felt when companies have added leased or amalgamated lines to their systems of railway. Another difficulty arises from the fact that it is really almost impossible to carry out the requirements of the words of the act, and to convey passengers “on every week day” from one end of these long trunk lines to another. Mr. Findlay, the manager of the North Western Railway, was asked this question by, I think, the honourable Member for Cambridgeshire—“We hear that fast trains go to Liverpool in four or five hours, how long would a train stopping at every station take?” The answer to that question was—“It would take at least sixteen hours to go to Liverpool.” At the same rate they would take about twenty-four hours to go to Carlisle; and starting at any reasonable hour of night or day it would seem difficult, if not impossible, that these trains should travel from end to end of these trunk lines “on every week day.” The expression is not “every twenty-four hours,” but “every week day.” This is a subject which cannot be looked at with indifference, because, for not doing what the law requires in this respect, the railway companies are liable to a heavy penalty on every day they omit sending those cheap trains, and on every occasion when they omit to do so, they lose that exemption which is so very valuable to them. It is not therefore to be supposed that the companies will do anything, if they can help it, which will forfeit their exemption. On the contrary, and this is where the matter crops up unfavourably to the public, it is quite possible that in many cases the companies stop their trains at stations where there are really no passengers to take up or set down, and where the trains might properly go forward on their journey without stopping. Now this causes great inconvenience and injury to the public, who are kept a long time on their journey, and thus all classes, the working classes especially, lose much valuable time that might be employed in useful and profitable labour. Other difficulties occur owing to this stopping thus at every station, for when express trains get into the neighbourhood of large towns, where these stopping trains particularly abound, the fast trains find the lines blocked up by these stopping trains, and are delayed in getting to the end of their journey, and in many cases they incur a serious danger of collisions; and it is very clearly pointed out by Mr. Oakley, the manager of the Great Northern Railway, in his evidence, that the existence of these stopping

trains interferes greatly with what may be called one of the cardinal principles of railway management, which is to get all the trains off the line as quickly as possible. The quicker you clear the railway line the more efficient becomes your railway machine—you can carry more traffic, and thus increase your revenue, while greater accommodation is given to the public. It has already been shown by my right honourable Friend that the suburban traffic is greatly interfered with by these trains having to stop at every station, for when persons living out of town at these suburban places are engaged in business, it is of the most vital consequence to them that they should be able to get to and from their business in reasonable time, and at a reasonably rapid rate of speed. The effect, however, of the requirements that trains should stop at every station in order to entitle them to exemption, is that the companies, instead of furnishing good and convenient train accommodation, provide a slow and unsatisfactory means of transit, which materially affects the comfort of passengers living upon the suburban lines, and very often renders it impossible for people to reside at these suburban places. Mr. Parkes, the chairman of the Great Eastern Company, has fully and clearly pointed out all this. He says :

The trouble that arises from our having to stop at these stations is so great and there are so many complaints, that we are obliged to send out at a time which suits business men a first and second class train which does not stop at any of these stations.

What is the result of this?—that they have to send out a third class train stopping at all the stations, which gets people much more slowly to their business. So that the more wealthy and influential are served with quick trains, while people of an inferior position are subjected to all the inconvenience and annoyance of slow and stopping trains, and, it may be, sometimes are subjected to dismissal from their situations through arriving late at their places of employment.

Now, I will endeavour, as far as possible, to steer clear of any observations already fully made by my right honourable Friend opposite. But he has introduced some remarks as to the difficulties companies incur in opening new railway stations owing to the provisions of the Cheap Trains Act, which I would wish to supplement by an illustration. I can cite one case as to the opening of a roadside station, which is well worthy the attention of the House. Mr. Ellis, a director of the Bristol and Exeter Railway and other railways, stated

that the Bristol and Exeter Railway Company were induced by the representations of some people living in a neighbouring village to open a station at a place called Silverton. The station was opened, and as far as passenger traffic was concerned the station was hardly used, only two or three people getting in and out in the course of a week. But having once opened the station they were in this position, that all the trains for which the company intended to claim exemption from duty were obliged to stop at that station. The consequence was that the Bristol and Exeter Railway Company having a train from Bristol or Exeter passing Silverton Station as late as ten in the evening, although there was no great prospect of having any traffic, the company was obliged to keep the station open to that time to stop the train, then to light fires, to keep the porters on duty, to light the lamps, and to incur in respect of that station a much greater expense than could be covered by any receipts from passenger traffic there. "That," said Mr. Ellis, "was a lesson to me, and I never afterwards concurred in opening a roadway station," and Mr. Oakley gave similar evidence. Without labouring further this part of the case, I think we may say that there was reason for the Committee's proposal to do away with the obligation to run these cheap trains from station to station in order to claim these exemptions. I have little to add to what has been said by my right honourable friend with regard to the fares under ninepence. These fares are really what are called competitive fares. Such a fare as ninepence may be charged for the distance over which competition may fairly exist between railways, tramways, and omnibuses, and it was thought by the Committee to be desirable that these fares should be exempted. On this subject, it was remarked by Mr. Parkes, that where there was competition the Passenger Duty was paid by the railway companies, and, of course, where there is competition the fares are at their lowest, so this singular result follows, that where the fares are lowest in consequence of competition there the duty has to be paid by the railway companies. It must not be thought that this exemption of the ninepenny fares would only apply to the neighbourhood of London. All the large towns are similarly affected. All have tramways and omnibuses, and in all these places the exemption from duty on fares under ninepence would be a considerable relief to railway companies. There is no question that there is a great amount of competition

to be met by railway companies, especially over short distances. The able manager of the Metropolitan Railway, in answer to a question which I think I put to him, said there was not a single station free from competition on his line, and he said that at every one of those stations the competition was very severe. Again, the North London Railway has a tramway running right alongside of it during the whole or nearly the whole of the distance. That tramway competes with it for the traffic at every single station on the line. While the North London Railway made its line, and has since kept it up, there is this tramway running along the public road paying nothing for making the road and nothing for repairing it, and the height of injustice seems to be this—that the North London Railway Company actually contributes largely to the rates to keep up the very road on which its competitor runs. I think I have said enough, in addition to what has fallen from my right honourable Friend, to induce this House to think that there is a case for the remission of the duty on fares at or under a penny a mile, and at or under ninepence, made out in the competition to which the railways are subjected by their untaxed competitors; in the great inconvenience to which the public suffers in consequence of the stoppage of trains to get the exemption, and also in the great difficulty and scandal of public departments being obliged to deal with these matters of taxation outside the law. The fact that it is impossible to keep within the law is a strong reason for something being done with regard to the Cheap Trains Act and for that which must necessarily follow the amendment of that Act—a remission of some of these duties. Before I pass from this subject, I must say that I cannot altogether endorse the remarks made by my right honourable Friend with regard to this duty being somewhat in the nature of an income-tax. I regret to say that I have almost to wish that in all cases it was only an income-tax. Then I should have less objection to it, for the income-tax is only charged and paid where there is an income to pay it on. But with regard to these railways where there is no dividend paid to the holder of the ordinary shares, this tax is still levied. When the preference and guaranteed shareholders get nothing, even then the tax is levied. Even when there is nothing paid to the holders of debentures and debenture stock this tax is demanded, and I firmly believe if you could find an un-

fortunate company which did not even pay its working expenses the Chancellor of the Exchequer would still be found saying in effect: "I do not care for those who are creditors of the company and have furnished the means for working the line. Here is my tax and the shareholders will have to pay it." Having then lightly touched on the arguments in favour of this remission, I will go briefly through the arguments which may and undoubtedly will be adduced against it. We come first to the old story that these railways are a monopoly. There is no doubt they have a monopoly on their own line of railway, and where companies run for a long distance and have no other line of railway to compete with them, they have a practical monopoly in other respects owing to their excellence and cheapness. Thus the London and Brighton Railway, so ably presided over by my honourable friend the Member for Orkney, have a monopoly of the passenger traffic to Brighton on their own line of railway, and practically of the traffic in all directions, though no doubt there are coaches running on the high-road in the summer time. But what has happened before the Company got that monopoly? They have had to go before a Railway Committee. They have had imposed upon them a scale of rates, and fares, and tolls which are far lower and more in favour of the public than anything prevailing in this country before railways were initiated. These moderate rates have been brought still lower by the desire of the railway companies to serve the public. Then you have the Board of Trade looking after them to prevent their monopoly being used in a way to endanger the safety of the public, and in other ways to regulate them. You have also the provisions of the Cheap Trains Act, which again regulate and modify their charges and proceedings; and you have also that rather arbitrary and unconstitutional tribunal—the Railway Commissioners. So that they are monopolies only in a limited sense. I think the right honourable member for the University of London (Mr. Lowe) has called a railway a "qualified monopoly." Now, even if monopolies are, as they are sometimes described as being, odious, it surely is not part of the duty of the Legislature to put taxation upon things that are disagreeable and odious as a sort of penalty for their unpopularity. And if it is said that the effect of a monopoly is to make the things affected by that monopoly dear and bad—though I deny that this is the result of railway monopolies—how are

you going to make travelling on railways better and cheaper by putting a tax upon it? You will not make it cheaper or improve the system of management by taking away a portion of the profits out of which alone additional accommodation can be supplied. Another argument which has been used against these railways having this remission is that railway companies have been formed with a perfect knowledge that this tax existed. In short, it is said that "they came to the nuisance," as the phrase goes. That seems to me rather an extraordinary argument. Suppose that a deputation waited upon the Chancellor of the Exchequer to urge the abolition of the House Duty, what sort of answer would it be for him to give if he were to say, "You constructed your house with a perfect knowledge that this duty existed, and having so done, you must continue to bear the burden." I never heard that the Chancellor of the Exchequer gave any such answer to the deputation that waited upon him recently on the subject of the House Duty, and indeed, such an argument could only be used on the principle that any answer was good enough for a Railway Company. But while we are dealing with this question, it must not be forgotten that this tax is not the same in amount as formerly. It is still the same, no doubt, in one sense, for it is still a five per cent. tax, but in its operation on railway receipts it is very different. The decision of the House of Lords has increased the burden of that tax at least 50 per cent., and in a manner that could not be at all foreseen by railway companies when they opened many of their railways. Thus Mr. Oakley, the manager of the Great Northern Railway says, they had no idea when they opened their line that any such claim for duty would be made, and they were much surprised when it was put forward.

Again, since the tax was imposed on the railway companies, there has been a large increase in the amount of their working expenses, and that has greatly increased the burden of this tax upon them. For instance, when railways were first established the idea was that the working expenses would amount to 40 per cent. of their gross receipts. Lines were leased by other companies who agreed to pay over the gross traffic receipts, less 40 per cent. for working expenses, or sometimes even 33 per cent., and if any person wanted to know what dividend a railway was likely to pay, he took the gross receipts of the railway, deducted 40 per cent. for working expenses, and proceeded to divide the result between the people who received interest and the people who received

dividend. When the working expenses were 40 per cent. the free or net revenue of course amounted to sixty per cent.; but now, according to Mr. Allport's evidence upon that point, we may fairly take it that the average railway expenses are 55 per cent., and that leaves, instead of 60 per cent. free or net revenue, only 45 per cent. of free or net revenue on which this tax is a burden. The tax therefore upon free or net revenue when this tax was first imposed was only $8\frac{1}{3}$ per cent. It is now $11\frac{1}{6}$ per cent., or an increase of 3 per cent., and that is one of the circumstances which has led railway companies to make such exertions to get rid of this to them almost intolerable imposition. But how does the argument that the railway companies are stopped now from complaining of the tax affect the general public which has a deep interest in the abolition or reduction of this tax. They are still entitled to complain about it. They have complained, and whether railway companies are estopped from complaining or not, the public have a right still to protest against the continuance of this tax. By way of another argument it is objected that the public may not get the benefit of the remission. The Chancellor of the Exchequer in his answer to a recent deputation seems to be very much afraid that the companies will get the whole of it. He says the result of this remission might be that the shareholders might have two or three per cent. extra paid in dividend and that the public would get nothing. I think the right honourable Gentleman might have reflected that if the abolition of this tax would add two or three per cent. to shareholders' dividends, the putting on and his keeping on this impost must take two or three per cent. out of their pockets. (Hear, hear.) But he is wrong in thinking there would be this increase in the dividends, for the benefit to the dividends if the whole amount went to the shareholders would only range from eight shillings to about fourteen or fifteen shillings per cent. But it is perfectly impossible that all this can go into the pockets of the shareholders. A very large portion of it will necessarily be taken off from the charges on the public the moment this tax is remitted. The total amount of this remission is fixed by Mr. Rickman at something like £350,000, or from £300,000 to £350,000. Now several railway companies are charging their maximum fares to certain places and they are also exercising their power to charge this five per cent. duty in addition to the maximum.

For instance, on the North-Western Line they charge their maximum fare, and in addition to that they charge the duty which in their case, in respect of third-class traffic, amounts to £51,000. The Great Western Railway Company in the same way charges to the third-class passengers about £21,000, the Brighton Company above £5,000, and several others charge sums for duty in addition to their maximum railway fares, so that there is something like £100,000 which, the moment the Chancellor of the Exchequer consents to this remission and the House agrees to it, will at once go into the pockets of the public and will not go in increase of dividends to the shareholders. Another large class of railway companies, though not charging their maximum fares, charge the duties in this way. They add one-tenth to the fare to represent passenger-duty. Thus they charge 1 $\frac{1}{10}$ d. per mile to third-class passengers, so when the duty is remitted this additional tenth must be taken off the passenger fares, for public opinion would never tolerate their continuing to make these charges when they had added them to their fares in the name of duty.

Again, in many cases season tickets are charged on the same principle, and it is impossible if this tax is removed but that the public will be the gainers by the remission of the sums of money so charged. But this is not all, for there is another matter, which is this. The Midland Railway Company has not hitherto charged the duty upon its third-class fares. It has been urged on the Midland Company by other companies that they ought to do so, but it has always refused. What Mr. Allport says is this:

I was much pressed to put the duty on, but I was perfectly certain that when this matter was brought before Parliament the House of Commons is so just that it will listen to our complaints, and will take off the duty, and therefore we ought not to vex and harass the public by imposing it. But if we should do so many other companies will follow us, and at least one-half of the third class traffic in England will have to pay this duty in consequence of our action.

Now, as I have shown, one benefit which will result to the public from the remission of this part of the duty will be the taking off of a certain portion of the fares. There will also be another advantage in saving of time, because the stoppages mentioned will not be made by the railways at every station in order to obtain exemptions, and next, there will be better accommodation; for the only fund out of which accommodation can be given to the public

is out of the surplus profits of a company, and if a company earns a good dividend the public may be sure that they will share the advantages of it. I have had reason to complain of a railway station from which I frequently travel, and I addressed my complaint to one of the Directors, who is an honourable member of this House, and asked him to consider my grievances. "What can we do?" he said; "we are a poor company, and how can you expect us to do anything? all I can promise you is, that as soon as we get into smoother water and pay a little dividend to our shareholders, we will endeavour to improve the accommodation at the station you refer to." Now, I hope the House will excuse me if I read a single extract from the evidence on this point, and that is a passage from the evidence of Mr. Grierson, the able manager of the Great Western Railway, and, to save the time of the House, I will not even give the question that led to the answer. Mr. Grierson says:

"I venture to say that the public have a very direct and a very deep interest in railway companies paying a dividend, and paying a good dividend. I think I may say that railway property is very different from any other property that I am aware of. Even when railway companies do not pay a good dividend, the pressure of the public upon the railway companies is very great indeed to give them increased facilities. Take the case of a district when they want a station: they first of all say that they are perfectly satisfied with a platform; next they say that they want a wooden box; and very soon they want a first-class station with every convenience. That is an illustration of the whole. But, in the case of a railway company which pays a good dividend, the pressure is continuous always to give something which really must be a great advantage to the public, whether it is in the shape of increased train service, or in the shape of increased station accommodation, or whatever it is; so that, when the public pay money to a railway company, it is not like going to a shop and taking an article out, and having done with it; but the public have a direct interest in what becomes of that money afterwards, or a certain portion of it, apart from the investors."

The House has been so patient in listening that I will not trouble them with another answer which Mr. Grierson gave. Some strong remarks also were made by Lord Houghton, who makes just the same statement, that what you must look to in railways is the obtaining of a good dividend for the shareholders, and then out of that you must get increased accommodation for the public. Now, an opinion is expressed also by a gentleman whom I have mentioned before—Mr. Ellis, director of the Bristol and Exeter Railway—who was of opinion that if you remit this taxation it will, with other circumstances, have such an effect on railway travelling that you will bring even first-class fares as low as a penny per mile. In answering a deputation the

right honourable gentleman the Chancellor of the Exchequer urged that if the Government gave this remission of taxation the railway companies must give some equivalent. Well, I have mentioned the equivalent in money, time, and accommodation which will necessarily accrue to the public if the railway companies should obtain this remission; then why should you ask anything more of them and ask them to enter into a contract to give an equivalent when you have not even yet considered what that equivalent is to be? and the Chancellor of the Exchequer told the deputation this matter must stand over till the Railway Commissioners' report on accidents had been considered, and the companies had agreed to give the public some equivalent before he had considered what that equivalent must be. Now, Lord Houghton considered this a very unjust proceeding, and he spoke strongly on the subject. But even if you were right in asking for an equivalent what do the public say? they say we want to get rid of this tax. We want a remission of the Railway Passenger Duty, and you the Chancellor of the Exchequer tell them that they must wait till they get the remission of the Duty, and something additional, without being able to state what that something additional is; and if the railway companies justly or unjustly refuse to give this equivalent, then the public are to be deprived of what they want, namely, the remission of the duty. I do venture to assure the right honourable gentleman the Chancellor of the Exchequer that it is a matter which will be urged again and again upon him by the railway companies and the travelling public, by the working classes and by the middle classes of the people, who will urge that this is a tax upon locomotion which ought not to be tolerated in this country.

I must come now to what is really the main argument against this remission, and this is the last argument I shall venture to bring before the House—that is, that the Chancellor of the Exchequer has no money out of which he can make this remission to the taxpayer. It is an admirable argument now, but it was not an admirable argument, nor was it true, when you had a large surplus and remitted duties upon horses. Now what we require is that we may have from the Chancellor of the Exchequer something like a promise of relief when he shall have a surplus, and that we shall not be met by the suggestion that this tax cannot be abandoned without an equivalent. We cannot expect a remission of tax-

ation when there is no surplus; but if we had a satisfactory promise from him of remission when there was a surplus, we should not care so much about pressing this matter forward, and I would really venture to urge on the right honourable gentleman the Chancellor of the Exchequer—who, I am glad to see, has entered the House before I have finished my observations—what a small sum £300,000, which is about what this remission of the tax on fares at or under a penny a mile would amount to, is in a revenue which amounts to about £79,000,000. In the course of the evidence before the Railway Committee various predictions were indulged in by various gentlemen who gave their evidence before us, and if one tithe of them were to prove true—say even that statement by Mr. Ellis, that first-class fares might come down to a penny per mile—what an enormous saving would be effected in favour of the travelling public, as compared with which, this petty sum of £300,000 is not to be considered for a moment. Reflect for a moment how neighbourhoods will be brought together, how commercial men, instead of conducting their business by the cumbrous mode of correspondence, will be able to settle their affairs in a few minutes by personal communication. Think how labourers who are suffering from low wages and absence of comforts in rural districts will be able to travel from one district to another and to obtain increased remuneration; and further by adopting the recommendations of this committee you will save a great deal of expense in keeping your accounts of the railway revenue, and you will do away with undesirable litigation on these matters, and trouble and confusion will be avoided. I venture therefore to ask the right honourable gentleman the Chancellor of the Exchequer to deal with this matter from his own independent point of view, untrammelled by official opinions and prejudices, and I would ask him to go back to those free and perhaps more happy days when, as a South Devon director, he joined with his colleagues in denouncing this as a most impolitic and iniquitous tax. Let him remember that, by the Artisans' Dwellings Act, the Government of which he is a member have been giving the poor man cheap and good and wholesome dwellings; that by the Adulteration of Food and Drugs Bill they have done all they can to give him good and pure food, and let them add to all this the giving the artisan fresh and pure air and the means of resorting to the pure, fresh, and invigorating breeze of the seaside, instead of

being, by restrictive legislation, cooped up even in the more wholesome dwellings which the Government have now provided. Let him enable the public to travel at the lowest fares consistent with the remuneration of the shareholders, at the greatest speed consistent with the public safety, and with the utmost amount of accommodation which the companies, not encumbered with this tax, would be able to give, and let him enable the railway companies to pursue their beneficent career untrammelled by official interference, and not burdened by heavy, and, I may say, unjust regulations. With these views and those hopes, I have great pleasure in seconding the Motion of my right honourable Friend. (Hear, hear.)

Earl PERCY: I wish, sir, to move, as an Amendment, to leave out the words "Pending the question of" and insert "Although this House does not advocate." I am sure the House must have listened with great pleasure to the able speech of my right hon. Friend, and also to that of the learned Serjeant who has just sat down. At the same time in dealing with the Motion which stands in my name, it will not be necessary for me to detain the House at any great length, because both those speeches have really been applied to the accidental circumstances connected with this tax, rather than to the whole question of whether the tax in itself is or is not a proper tax to be imposed. A great part of the speech of my right honourable Friend was occupied in commenting on the interpretation which had been put upon the Act and in pointing out what the effect of that interpretation is on the railway companies and on the travelling public, and especially the working classes. He also dealt with the question of the inconvenient mode of levying the tax, and he further stated that it hindered the facilities which would otherwise be given to the public in the way of more trains and better accommodation. All these points are points which really affect the manner in which the tax is levied, and do not affect the principle of the tax itself. I have been found fault with by my right honourable Friend, and still more by the learned Serjeant who entreated me not to divert the attention of the House from the question before it. I have been blamed for bringing forward the Amendment of which I have given notice. It is perfectly true that with the latter part of the Motion of the right honourable Gentleman, I do not intend to quarrel. I do not entirely coincide with the recommendation of the

Committee of which I was a member, which reported on this duty last year. I then expressed my opinion against this recommendation, and I took every means to press my opinion on the Committee, but I failed, and the concluding part of this Motion only asks that the attention of the Government might be directed to their proposals, which really does not commit the Government to their adoption in the precise form which they assume in the report. I only want to know what the right honourable Gentleman means by placing these words at the commencement of his motion, "Pending the Abolition of the Railway Tax." The right honourable Gentleman assured the House that he did not intend to commit it to any opinion on the inexpediency of this tax. Now I appeal to the House whether the beginning of the right honourable Gentleman's speech, the conclusion of his speech and one half of the rest of it, was not addressed to the question of the abolition of this tax altogether, and whether the arguments he advanced in favour of a modification of the tax were not as applicable to its total remission. I object to the question being brought forward in this way; on a Motion couched in terms which do not raise the whole question; and then when I place an amendment on the paper for the purpose of raising it and getting a decision of the House upon it, I am asked not to distract the attention of the House from the main point at issue. The right honourable Gentleman told the House that a tax upon locomotion would not be defended by any authority on finance. I cannot pretend to be an authority on questions of finance. But my whole Motion is intended to urge that a tax on locomotion is not necessarily a bad one, and I hope I shall be excused and not thought guilty of presumption if I say a few words on that subject: but before I go to that I wish to call the attention of the House to the report of the committee and the way it has been dealt with out of doors. The reference to the committee last year appeared to me not entirely to justify them in dealing at all with the question of the abolition of the duty, but that objection was overruled and the committee, as I venture to think, rather went outside of the four corners of their reference, and decided in favour of the entire abolition of the duty. But beyond that, if I may be allowed to express an opinion without being thought wanting in respect for any committee of this House, I rather doubt whether the question of retaining or not retaining a tax is

a proper one to be submitted to a committee of this House at all, not because members are not perfectly competent to form a judgment if they had the data before them, but because it is impossible that they can have before them the necessary data. In order to decide that a tax shall be repealed you must have the whole taxation of the country before you, and you must compare one tax with another. There are numerous objections to the remission of any tax not based on considerations of this kind. Although the committee recommended the abolition of this tax, the recommendation was not unanimous, but was made by a majority of 9 to 6.

Mr. KNATCHBULL-HUGESSEN: The Chairman made 10.

Earl PERCY: I think the Chairman did not vote, but I will say 10 to 6. I must refer to a report by the Railway Passenger Duty Repeal Association, which is circulated with the report of the London and North Western Railway, and was sent to me, and which asserts that "the committee consisted of 19 members of all shades of politics, who by their report unanimously recommended that the Railway Passenger Duty be repealed." Now, I do not think it proper that an assertion so absolutely incorrect as that should pass without notice. Well, sir, I now come to the objections that are raised to this tax. The first is that general objection we hear so much about, that it is a tax on locomotion. I fully expected to find Lord Althorp quoted. I never saw a pamphlet and I think we heard few witnesses before the Committee who did not quote Lord Althorp and Sir Robert Peel. Of course, I speak with great respect of these eminent financiers, but I think it is hardly fair to quote the opinions of men expressed under totally different circumstances from those that exist at present, and which are such as the gentlemen who gave utterance to these sentiments never could have contemplated, and never could have foreseen. At the time these gentlemen uttered these sentiments locomotion was difficult and expensive. It had never reached anything like the demands of the public. It was impossible for Lord Althorp or Sir Robert Peel to foresee the facilities which have since been given to locomotion, and a good deal depends on whether the locomotion is sufficient for the wants of the public, or not. There is another argument which is very often used upon this point, and that is, that locomotion is an article of prime necessity. That was insisted on in the evidence

given before the select committee. Now I cannot help thinking that this argument, if looked at carefully, will go further than the gentlemen who use it seem to anticipate. What are articles of prime necessity? Food is an article of prime necessity. Drink is an article of prime necessity. Well, when we come to drink, I find that with the exception of toast and water, barley-water, and ginger beer, very few articles of drink are not subject to taxation. Coffee is taxed; tea is taxed. Tea dealers are very anxious to have that tax removed, and at the last general election they sent round a paper asking the electors not to vote for any honourable gentleman who would not vote for the repeal of the tea duty. Wine is taxed; beer is taxed; spirits are taxed. Therefore, it seems to me that the practice has not been to regard articles of prime necessity as those exempted from taxation. There are other articles which ought to be of prime necessity for the working classes, such as lodging, clothing, and employment. They are dependent on employment for their daily bread, and I really do think that here we find locomotion almost an article of prime necessity, and that, therefore, some exemption may be claimed for it. Where you have large and populous towns, you find that employment for the working classes is to a great extent dependent on the facilities which are given for locomotion. But I must confess that it appeared to me, and appears to me still, that the arguments entirely fell through when applied to small towns or country districts. I got, I confess, somewhat confused in that part of the right honourable Gentleman's speech, where he at one moment told us, as I understood him, that this tax was a tax on the private interest of capital. (Hear, hear.) (Mr. Knatchbull-Hugessen indicated dissent from this statement.) I think he used the word, that it would be a tax upon capital. And he told us it would at another time be a tax upon profits.

Then sir, the companies come to us *in formâ pauperis*; they say, "We are not paying more than on the average 4 per cent.—many of us are paying no dividend at all—and it is extremely hard that we should be subjected to taxation." Is it a fair way to estimate the capabilities of a company to bear taxation, to take solely into consideration its dividends? I do not deny for one moment that railway companies are public benefactors. Yet is it not notorious that railways are always started for the purpose of benefiting those who start them, and is it not also notorious that many railways are

started that have no hope of ever paying a dividend, or at any rate for many years, simply because they will benefit the district through which they are made, and that those who promote them will get the benefit by the increased facilities for traffic, and so forth, which are given them, although they cannot get a dividend? Therefore, in estimating whether a company can or cannot fairly bear taxation of this description, if you merely take into consideration the amount of its dividend, you are acting upon a very false ground and a very narrow one. Well, sir, I have already mentioned the difficulty which I have in apprehending whether the railway companies consider this a tax upon capital or upon profits. I have also equal difficulty in ascertaining whether they consider the companies or the public will benefit most by its abolition. I know the right honourable Gentleman laboured that point a good deal, but he attacked the Chancellor of the Exchequer for having said that the public would benefit by the remission, and not the railway companies, because he said—as I understood his argument—if that be the case, you are confessing that your tax is a tax upon the public and a tax upon locomotion. I have already disposed of the question of a tax upon locomotion. Is it not also true that if it is a tax upon the public, the railway companies generally have no right to come here and complain of its imposition? Well then, sir, we are told that it stops development. Now, what instance can be adduced where the development of railways has been seriously stopped—I do not say by this tax, because I know that, of course, would be difficult to prove—but is it true there is a great want of railway communication in this country? This country is better furnished with railways than any country on the globe, and I have yet to learn that there is any want of inter-communication between different parts of this country. Take it in another way—are the facilities for the travelling public few? The Metropolitan Railway has complained of competition which is exercised by the omnibuses and tramways in the metropolis. Is the Metropolitan Railway so much in want of passengers; is it not the fact that the Metropolitan Railway has now very nearly as much traffic as it can manage? The right honourable Gentleman shakes his head, but I am inclined to doubt whether any case has been made out of want of accommodation for the travelling public in England. I hope any hon. Member who may

follow on the side of the question adopted by my right hon. Friend, will enlighten the House a little upon that point and give us some statistics by which we may judge of its value. Then, sir, I come to this much-vexed question of monopoly, and I was rather amazed to hear the hon. and learned Serjeant quoting with approval the expression which the right hon. gentleman the Member for the University of London made at the time he was Chancellor of the Exchequer, when he called the monopoly of railways a qualified monopoly, because I remember the learned Serjeant blaming the same right honourable Gentleman for using the very term last year, and contending that in no sense were railways a monopoly. Well, it appears to me that railways are very properly described as a qualified monopoly. There is no doubt that between large towns there is a very great competition between railways; it is also true that in large towns there is a certain amount of competition. I hesitated last year on the Committee to admit that competition in towns was very severe, and I confess—in spite of the arguments of my right honourable Friend—I am inclined still to hesitate to use that term; but there is no doubt that there is a considerable competition in the large towns. It is a point which has been omitted, that the omnibuses and tramways are quite as much feeders of railways as they are competitors of railways, and also, taking account of the traffic which passes by omnibuses and tramways, we must recollect that there are numbers of persons who travel by those means who would never under any circumstances take the railway. But I have admitted that there is a certain amount of competition—untaxed competition—in large towns; and between large towns there is a certain amount of taxed competition between the railways themselves. I beg to point out this to the House, that there is a distinction between the two, and that one is untaxed, and the other is taxed. I am prepared to go into that question, but I understood from the learned Serjeant that he admitted that although there is a considerable competition between certain large towns, there is not much competition along the greater part of the great lines of England. I took the pains to look up the other day one or two of the principal lines of England, and I found this result:—The Great Western runs from London to Exeter, and it is in competition with another railway—the London and South Western, which runs first of all one line to Reading and then a different line from London

to Exeter. The result therefore is this, there is a competition between London and Exeter, and there is a competition between London and Reading, but between any intermediate stations neither of those lines appear to me to have any competition—at least as regards passengers coming to London. There are 13 stations between London and Reading, and 48 between Reading and Exeter on the Great Western Line. Now there is no competition between any of those 13 or of those 48. The whole competition between the London and South Western and the Great Western is for passengers going from London to Reading or from London to Exeter. I took another line. I took the Great Northern, running with its continuations from London to Edinburgh. I find there are 50 stations between King's Cross and York, and 72 between York and Edinburgh. The competing line between London and York is the Midland, which only goes as far as Normanton; the line between Normanton and York belonging to the North Eastern. The Midland has 70 stations between London and York, and all the stations have *inter se* no competition whatever.

But where they have competition is it an advantage or not to the travelling public, because the argument, as I understand it, that is used in this question is, that if these railways are a monopoly then something might be said for taxation, but because they are not a monopoly, therefore the public is sufficiently guarded by that competition, and their interests and the interests of the railway companies being identical it is quite unnecessary if not unfair to subject the railways to taxation. Now, in order to estimate the value of this I will give the House some idea, if the House will excuse me going for a moment rather into detail, of what the real effect of this competition is. I have taken one line—and I beg to say that I have not singled it out from any malice which I bear it; I have simply singled it out because it is one which I know perhaps better than any other great line, and I can speak with more exactitude of the facts connected with it. I have taken the Great Northern line from London to Edinburgh, and I have taken with that the London and North Western, which is a competing line between London and Edinburgh. Now at one time the London and North Western had their train running at ten o'clock in the morning from London, and it got to Glasgow at 8.30 at night, that is to say, it did the journey in ten and a half hours.

The Great Northern put on a train at ten o'clock also to get to Glasgow at 8.20, doing the journey in ten hours and twenty minutes, or ten minutes shorter time than the London and North Western. I have always been told that that ten minutes made a considerable difference in the gains of the company, as against those of the London and North Western Railway, but what was the result to those unhappy persons who happened to live on the Great Northern line. At that time, after this train had started, there was another train which left at ten minutes past ten from King's Cross. It was an express train, but not as fast as those which go direct to Scotland, but it got to Northumberland about half-past six, and it did serve the whole of the traffic for Northumberland. But unhappily the London and North Western put on another train at ten minutes past ten—ten minutes after the train of which I have already spoken—which got to Glasgow at ten o'clock, performing the journey in eleven hours and fifty minutes. The Great Northern upon that struck off the train which I have just mentioned and put on a train at 10.30, reaching Glasgow at 10.25, and doing the journey in almost the same time as the London and North Western train. Thus we Northumbrians were relegated to a train which started at nine o'clock which serves Northumberland—a much slower train than the one we formerly had; or to start by this 10.10 train, change at Newcastle, wait an hour there, and then go on. That I think is an instance of how competition serves the travelling public. It serves the majority of the public, of that there is no doubt; but it does not serve the minority. That is to say, if there are a greater number of persons who wish to get from London to Edinburgh ten minutes sooner than they otherwise would, it is worth the while of the company to sacrifice the interest of the minority, and make a large district of sixty miles between Berwick and Newcastle suffer great inconvenience in order that they may get the fares of the majority for the longer distance. Now I cannot help thinking that that is just one of those points at which a little Government interference, which is so much deprecated by the right honourable Gentleman, might very fairly come in. Direct interference, I admit, may be a very disagreeable thing, but one of the principal arguments for the expediency of a tax of this sort is that you can bring a

certain amount of influence to bear upon railway companies without any very direct interference. Now I am afraid I have trespassed upon the attention of honourable members too long, and I don't want to detain the House unnecessarily, but I can show them that upon this line the very same thing happened again, and the result was that those who travelled from London at night to Northumberland had to wait two hours and a half at four o'clock in the morning, and then had to go by a slow train. That was done because of the competition with the London and North Western, and the only advantage which the travelling public in London got was in arriving at Glasgow ten minutes earlier than by the other line. That, I think, disposes of the question of the value of competition in protecting the interests of the public. But I have another instance to give of the way in which the interests of the public are at variance with those of the railway companies. It is well known to the House that the Midland Railway Company, some time ago, abolished second class carriages, and not having a very intimate acquaintance with the management of railways, I have been under the delusion that such a course as that was possibly inconvenient to some of the passengers by that line, and I put a question on this point to Mr. Allport in his examination before the committee, and if the House will allow me, I will read it: I asked him,

In what sense was this change made, in the interests of the public?
and he answers,

It removed one class—the second class.—We at the same time reduced the first class to 1½d. per mile: but first of all putting third class on all trains. We moved into the third class a number of people who, from necessity, were obliged to travel, and who could very inconveniently afford to pay second class fare. Attaching third class carriages to all the trains, we put these people into third class carriages and increased the numbers prodigiously. The next step—I watched it carefully—was this. We had still in the second class a large number of individuals who, from motives of economy perhaps, were obliged to go second class.

He goes on to say, that the respectable tradesmen, clergymen and professional men, were very glad to be able to travel first class, which, perhaps, they could not otherwise have done. Then I ask him,

What becomes of that class which is not rich enough to travel at the reduced fares, first class?

and he says,

“I will venture to say, that if a man gives his servant second class fare, that being the class by which the servant is accustomed to go, he will not go first class, but third class, and that applies to all servants.”

I cannot help thinking that from that answer it is very clear that the interest of the second class passenger proper was not fairly considered in that change. Then, there was another point which was very much urged before the Committee. If I was not afraid of detaining the House, I would read the answer made by Mr. Melvill upon that point, and that is the correspondence of trains at stations. It is perfectly notorious that, for various reasons which have generally something to do with the disputes of companies, the correspondence of trains at junctions is extremely inconvenient. Mr. Melvill gives the instance of Guildford. Honourable members who look at his evidence will see that for a long period passengers were put to extreme inconvenience at Guildford in going from one line to another. The same thing happened for many years, to my knowledge, at Redhill. At one time it was almost impossible to get from one line to another at that station without waiting there two hours. Then there is another point on which the interests of the public require some protection, and that is in reference to the conveyance of troops. The arrangements which were made some years ago with the railway companies for the conveyance of troops are becoming quite as obsolete as the exemptions which the right honourable Gentleman so much condemns, and I cannot help thinking that by some system of exemption or alleviation of the tax different arrangements might be much more conveniently made in the interest of the public. I certainly hold that government control of some sort is required in all these matters. Why, sir, this report, which is so much condemned by my right honourable Friend—the report of the Railway Accidents Commission—touches upon that very point, and points out that the safeguards which are given to the public by railway companies are, in some instances at any rate, not sufficient, and that they do require government control and government interference.

Now, sir, I think I have sufficiently troubled the House, and I do not know that I need go at any great length into the other parts of this question; but, in conclusion, I will only remind the House of the extreme inexpediency of this House declaring, by an abstract resolution, in favour of the remission of any particular tax. It is a question which, I think, in most cases, unless some very clear case is made out, should be left to the decision of the Chancellor of the Exchequer, with that assistance from the House of Com-

mons which the House knows so well how to give, and which is never wanting when any Government comes to a decision which is distasteful to the country. But, above all, it is inexpedient to pass an abstract resolution against a tax at a time when it is known that it is impossible to abolish that tax, and—I do not want to prognosticate any evil—when at any rate there is no very immediate prospect of a state of things occurring which will enable the Chancellor of the Exchequer to remit any large amount of taxation. I see my right honourable Friend shakes his head, and I think what he means is probably this, that his Resolution is not intended to commit the House to the abolition of the tax. If that be so, what objection has the right honourable Gentleman to my Amendment? If he is of opinion that the words which he has placed upon the paper of this House are not intended to commit the House to express an opinion with regard to the abolition of the duty, I am rather surprised that so much of his speech should have been occupied with arguments for the abolition of the duty. I, for my part, shall be only too happy to see him adopt my Amendment. I do not think I need any further trouble the House, but I move that the words, “pending the question of,” be left out from the resolution of the right honourable Gentleman, and the words, “although this House does not advocate,” be substituted.

Mr. EVELYN ASHLEY: I rise to second the amendment of the noble Lord, and I shall do so in a very few words. I was willing to act as his seconder because I think I have a peculiar fitness for the office I have undertaken, inasmuch as I went into the Committee which sat to inquire into this subject last year with my mind perfectly free from preconceived opinions upon the subject, and the judgment I have formed is entirely the result of the evidence I have heard. It may, perhaps, seem anomalous for an independent Member of Parliament, sitting on the opposition side of the House, to come forward and defend a tax which it is proposed to abolish, but at the same time it has struck me that when any man has formed an opinion of this sort, and sees the danger of a source of the national income being hastily got rid of when the sources of direct taxation are not, though abundant, very numerous, he is only doing his duty in saying so. The first thing I would say is this, that in the whole of the evidence we had before us, there was evidently a confusion either intentional or unin-

tentional in the minds of the witnesses and the advocates for the abolition of this tax, between two distinct things, viz., the evils attendant on the manner in which the tax is now levied and those which arise from any portion of the receipts of the railway companies being paid into the public treasury. Now, upon the subject of the Cheap Trains Act the Committee were unanimous, and I do not suppose we shall hear one word from Her Majesty's Government to the effect that the stipulations of that Act ought not to be got rid of. As to the tax itself it is an existing tax, not a new one. That is a thing which must be remembered throughout the whole of this discussion. It is in existence, and you are now asked to remit a tax which brings into the Exchequer a sum of £600,000 a year. The advocates for the total remission of this tax say it is unjust and inexpedient. The whole point of the case lies in that—Is it unjust? Is it so inexpedient that we should be called on to repeal it? Now the injustice of the tax in their view lies in this, that whereas when this tax was first imposed, it was also imposed on stage coaches and other means of locomotion; now, when it has been removed from stage coaches, it is still left on railways. Now I would point out that when railways were first started, the idea was that a railway was to be a public highway, and that any one should be allowed to run his carriage on your railway. Therefore you were not to get that complete monopoly of your own road that railway companies now possess. A stage coach is always exposed to immediate competition, and I repeat that the original idea was that the railways should also be liable to competition. As soon as it was found that that could not be carried out in practice, the railway companies got a complete monopoly of their own roads. In virtue of that monopoly, a railway company having possession of a line is to all intents and purposes, unless they do their business in a most inefficient manner, protected from competition; for the difficulty of getting another line running alongside of it is almost insurmountable. But, then, the right honourable Gentleman said—"has the State paid for the land"? No, it has not paid for the land. The railway companies have done that. But I will tell you what the State has done. It has given the companies compulsory powers of purchase, and enabled them to protect themselves from being charged exorbitant prices for land. No doubt they have often been charged very highly for land. No doubt fancy

prices have been frequently paid, but there is a great difference between fancy prices and almost prohibitory prices. Under the Land Clauses Acts the company can go to arbitration to decide on the value of the land, and it is only obliged to pay the amount of the award. The owner of the land is prevented therefore from saying—"You must run your line through my land and I will charge you such and such a price for it;" he can only get what the arbitration awards as the value of the property, so that in that sense I may say the railway companies have been assisted by the State. Now, as to the injustice of the tax, there are a great many other monopolies that have to pay the State for the right to carry on their trades or professions. The honourable and learned Gentleman opposite, who seems amused with my illustration as to monopolies, will not deny that he has to pay for the monopoly which he in common with his professional brethren enjoy in the practice of their profession. Solicitors have also to pay for their monopoly, and brewers and others have to pay for the right to carry on their trades. So far from there being any injustice, I say there is no injustice in an existing tax which has existed for 30 years, and which had its origin in the way I have described—an origin prior to the existence of most of the companies who pay the tax. Now, a few words as to the inexpediency of the tax. The inexpediency argument brought forward is that it is a tax on locomotion. Now, when you talk of a tax on locomotion in an opprobrious or a condemnatory sense, you must mean a tax which prevents locomotion; and I think any one who looks at the figures will see how impossible it would be, taking the whole of the country round, that locomotion could be prevented by a tax of this kind. I find that in the year 1874, 423,000,000 was the number of passengers, 1st, 2nd and 3rd class, carried by the railways in this country, and £528,000 was the amount of the Government duties in the same year. So that taking the whole amount of the duty as being paid by the travelling public it gives one farthing a person—that is to say, according to these figures the amount of prohibition on locomotion caused by this tax is one farthing for every journey that any individual takes. Is it likely that would prevent a single man from taking a journey, either on business or on pleasure? But the Committee had evidence before them that the travelling public did not pay this tax. Nothing was more striking, or to my mind so unsatisfactory, as the

way in which the skilled witnesses who came before us could not agree in their evidence as to the incidence of taxation. Some said it fell on the public, others that it fell on the companies. My own opinion is that in all probability it is equally shared between them. If it falls on the shareholders alone, then the remission of the tax is a positive bonus given to the companies—a bonus which, as we hear from certain companies, will be spent in order to improve the condition of their railways. If that is the case we ought to make some condition accompany the remission. If they say the whole of this money is to be spent on their railways we ought to make a condition precedent that they shall do something for the money they get. If, on the other hand, this remission will be altogether in favour of the public, I say the development of railways in this country cannot possibly be hindered by a tax which is being paid by the public and not by the companies. I promised the House that I should not detain them long, and I shall therefore bring my observations to a conclusion. I only wish to close by stating the proposal which I laid before the Committee, and which I think was one that meets the justice and expediency of the case—namely, to get rid of all those conditions affecting cheap trains, calculated to hamper the time table and the working of the railway, leaving the directors free to carry on the traffic in the best way they can, leaving them to provide workmen's trains as well as they can, at the same time taking care that the railway companies, owing to the abolition of exemptions, do not have to pay more than they have hitherto done. To attain this the tax might be reduced from five to three per cent., but, at all events, I am in favour of freeing the companies from conditions or restrictions which may interfere with the better and more efficient working of their lines. I should leave them to manage their own business, and I should treat the Metropolitan underground railways exceptionally; but I cannot see why railway companies in general and railway managers and directors, however excellent and honourable they may be, and however great the benefits they may have conferred on the country, have any right to come here more than any other set of men who desire to increase their profits, with an *ad misericordiam* appeal to us to remit a tax, which admittedly produces £600,000 a year, which the country wants, and which is very easily collected.

Mr. ARTHUR PEEL: I shall trouble the House with a very few remarks on this matter. I do so, because I think it is a very difficult and interesting subject, and because, not entirely agreeing with the remarks of my right hon. friend the Member for Sandwich, I desire to state those points on which I agree, and those on which I differ with him. I may recall to the recollection of the House very shortly the main points which the Committee recommended in their report. These were, the repeal of this tax when the state of the revenue permitted it; the exemption of fares under a penny per mile; the exemption in urban or suburban districts of fares up to and including 9d.; and legislative security for ample communication between the stations. It is not much to say on behalf of the tax that it ought to be remitted when the state of the revenue permits. I think as much might probably be said of any tax in the whole range of vision of the Chancellor of the Exchequer. I don't believe my right honourable Friend himself expected that the right honourable gentleman opposite, the Chancellor of the Exchequer, would take this special tax into his notice for favourable consideration in this Budget. I feel, therefore, especially after the Budget speech of the right honourable Gentleman, that if there is to be no remission of taxation at all, it is not likely that any modification of this tax will be made in favour of the railway companies. I may say, in passing, that I think great exaggeration was manifested on the part of those witnesses who held out to us the baneful results of the tax as it exists, in hindering railway development, and the great facilities and comforts that would ensue to the travelling public if the tax were remitted. Mr. Forbes, especially, was the champion of the Metropolitan railways and of some others that he represented. I want to know whether Mr. Forbes means to tell the House that there is anything, assuming the retention of the duty, which would preclude the companies who have advantages to offer, and the public who are eager to obtain those advantages, from coming together and making arrangements which would be for their mutual benefit? (Hear, hear.) Although, therefore, I think that there are cogent reasons against the total remission of the tax as a tax, yet I am very far from believing that nothing ought to be done. I think that something must be done, not to relieve a particular interest of a pecuniary impost so much as to relieve a great interest from the anomalies, complications, and contradictions in which we are landed at the

present day. (Hear, hear.) To say that you should remit the tax because a particular interest suffers some hardship under it is one thing; but it is quite a different argument that inequalities and anomalies incidentally connected with the collection of the tax should as far as possible be removed. I may say here, as allusion has been made in the course of the debate to the violation, as it was called, of law, and the supposed—I will not say collusion, but implication of two great departments of the State—the Board of Inland Revenue and the Board of Trade, in the evasion of the duty for a long series of years, that I think it is matter for great regret that a subject of this vast importance, involving issues so great and pecuniary interests so large, should have been suffered to be hung up from the year 1866 to 1876, when the House of Lords came to its decision. There can be no doubt that that decision, which is entirely opposed to the arrangements come to in a perfectly *bonâ fide* manner between the railway companies and those departments of the State, has introduced a change in the interpretation of the law which throws upon the Chancellor of the Exchequer the obligation to deal with the question, not for the remission of the tax, but with a view to remedying the anomalies and injustice of the existing system. (Hear, hear.) There is a view which has been very generally entertained, and which I regret to observe has been upheld in the course of this debate. I refer to the supposed necessity of maintaining the tax for the sake of the advantages to be gained by granting exemptions from its pressure in return for concessions on the part of the railway companies. It is regarded—apparently on such high authority that I venture to express a different opinion with great diffidence—it is regarded as a very useful thing to have this tax, so as to be able to dole out remissions to the railway companies as a reward for some advantage or other they are about to confer on the public, or some extra facility they are going to give to the passengers who travel on their lines. In 1846, when the London and North Western Company revised their fares, a sort of *quid pro quo* was given to them in return; and in 1870 the then Chancellor of the Exchequer, the right honourable Gentleman the Member for the University of London, said he did not see “why a tax should be put upon passengers except to enforce the regulations of the Board of Trade,” adding that “it would be better to tax the traffic as a whole.” The right honourable

Gentleman therefore regards the imposition of the tax as a means of enforcing the regulations of the Board of Trade on the railway companies. The solicitor to the Inland Revenue department seems to have expressed approval of the tax as it stands with all its anomalies, but with its exemptions, as a means of enforcing, in return for these exemptions, the granting of additional facilities to the public. I do not know whether I am right or wrong in the supposition, but when I heard the Chancellor of the Exchequer the other day connect this question of the railway duty with the Report of the Commission on railway accidents, I was afraid that there was a connection in his mind between the latter subject and the granting of remissions as a *quid pro quo* for the carrying out by the companies of certain regulations to be laid down for the purpose of avoiding accidents. The idea has certainly run through many minds with such persistent consistency that I am doubtful whether the Chancellor of the Exchequer does not entertain that view, which I think is a wrong one. (Hear, hear.) With regard to the running of cheap trains, special legislation has dealt with the subject, but there is one point in connection with these cheap trains which calls, I think, for remark, that of limiting the liability of companies in the case of railway accidents. (Hear, hear.) We had a remarkable instance before the Committee of the working of that system, where passengers were carried at less than a penny a mile, and where in the case of death or injury to the workmen who so travelled it was stipulated by special contract with each man, that there should be no liability attaching to the railway company. I say that it is a most invidious distinction—(hear, hear)—that in the event of injury or death from railway accidents these working men or their families should be deprived of the advantages which accrue to other members of the community, and ought to accrue to all. I am almost afraid to touch on the question how far any special favour should be shown to any railway company on the score of the competition to which it may be subjected, because my right hon. Friend the Member for Sandwich dwelt very forcibly with that question, and said that he trampled on the argument which maintained the existence of monopoly. He disputes the existence of monopoly; and I understand he bases part of his resolution on the express fact that there should be special exemptions for the metropolitan rail-

ways because they are subject to special competition. I maintain on the other hand that monopoly exists throughout—that the railway companies are a body who enjoy monopoly; and it is nothing to the purpose to say that they have paid high prices for their land in the first instances. They have paid for their monopoly (hear, hear); and as to the question of their being heavily rated, to mix up that question with the question of the passenger duty is to mix up two things which are distinctly different. (Hear, hear.) If the railway companies are aggrieved by the exorbitant rates imposed upon them they should look for their remedy to the proper quarter—not ask Parliament to remit a duty which has no particular connection with the imposition of local rates. (Hear, hear.) My right hon. Friend quoted the opinions of Mr. Farrer, the able and excellent secretary to the Board of Trade, denying the existence of monopoly, and he brought forward Mr. Fenton to disprove the opinions of Mr. Farrer. But Mr. Fenton's own views are remarkable; for his proof of the absence of monopoly in the case of the Metropolitan Railway is founded on the fact that, to use his own words before the Committee, "there is no reason why another company should not come to-morrow and ask Parliament for powers to put a railway alongside of ours." Mr. Forbes argued to the same effect, and both gentlemen in my opinion took a wrong view, not perhaps of what might be asked for, but certainly of what Parliament would be likely to grant, and both of them greatly under-estimated the enormous proportion of advantage in the position of a railway company already in actual possession of a metropolitan site.

Mr. KNATCHBULL-HUGESSEN expressed dissent from the hon. Gentleman's interpretation of what he had said.

Mr. ARTHUR PEEL: As far, therefore, as the question of monopoly goes, I see no special reason for making concessions to the railway companies. But competition was the point on which my right hon. Friend dwelt, and I must differ from him on the score of competition. The select committee came to the conclusion to exempt all fares under 9d., which would cover not only the metropolitan but urban and suburban districts generally; and that is a principle which I think is most dangerous. (Hear, hear.) I have attempted to show that all exemptions are in principle bad; and if, in addition to the existing exemptions, you come and say to a railway company in a particular district, "You shall be

exempted because of the great competition under which you suffer," I want to know where you are to draw the line. (Hear, hear.) There are modifications of competition in all parts of England, and if you say to metropolitan, urban and suburban companies, "You shall enjoy the concession of a remission of the duty on fares under 9d.," the result will be that you will have a host of other applicants from all parts of the country for similar advantages. (Hear, hear.) With regard to the Motion and Amendment before the House, the noble Lord opposite objects to the abstract resolution of my right hon. Friend as committing the House to a remission of the tax, and asks why he cannot adopt the Amendment? The answer is obvious—that the Amendment of the noble Lord is entirely opposed to the Resolution of my right hon. Friend. I do not expect for a moment that the Chancellor of the Exchequer will be able to give any hope of a remission now; but it is quite another thing to ask that when the right honourable Gentleman sees his way, acknowledging the unjust incidence of this tax, he will do his best to remedy the evil complained of. I do not know whether my right honourable Friend would be satisfied with such an assurance from the Chancellor of the Exchequer, but I believe it would satisfy a great many who feel that the tax is an unjust one,—(hear, hear)—and one which, looking to its origin and its history, ought to be repealed. (Hear, hear.) I think we may safely look to the Chancellor of the Exchequer to take off the tax when he is in a position to do so. It is not only unjust, it is not only anomalous and oppressive, but it adds to its burden by a sense of injustice among those whom it affects. (Hear, hear.) There remains then the question—What are you going to do? Well, sir, having said that all exemptions are in principle bad—and, if bad to a penny, worse up to ninepence—I would venture to agree with the member for Poole in one thing, that a positive tax imposed all round, without exemptions, would be better than the present duty with exemptions—(hear, hear)—and I am opposed to bargaining with the railway companies, holding that the Railway Commissioners can exert whatever interference may be necessary with regard to the arrangement of trains for the convenience of the working classes. It has been said that it is not the interest of the railway companies to carry third-class passengers, but that assertion has been abundantly disproved. (Hear, hear.) The returns show

how largely the profits of the railway companies are made up from that class of passenger traffic. The relative profits on first-class passengers may be much greater, but when you consider the enormous number of individuals who are carried at third-class fares, you will see that it is the small profits earned individually from the millions—aye, from the hundreds of millions—of passengers so carried that chiefly swell the dividends, and that these are profits which the companies cannot afford to do without. (Hear, hear.) But if there is any ground for imposing on the companies obligations as to carrying to and from their work those who are displaced from the centres of industry, I do not think we need have any apprehension on that score; because, as I have said, it may safely be left to the Railway Commissioners, or some such body, to exert such interference as may be thought right in that respect in the few exceptional instances in which compulsion would be necessary. At the same time I think there is something invidious, and even mean, in haggling with the railway companies about granting this or that convenience in return for such and such a concession. (Cheers.)

The CHANCELLOR of the EXCHEQUER: Before entering on the various topics which have been raised in this debate, I should like to say a word with regard to the main reasons why, apart from minor questions, I object both to the Motion of my right hon. friend the Member for Sandwich, and to the Amendment of my noble friend the Member for Northumberland. (Hear, hear.) With regard to the Motion, I object to it on account of two propositions, which it seems to me to contain. In the first place, the substantive portion of my right hon. Friend's Motion is that the recommendations of the committee of last year, besides that relating to the abolition of the duty, should receive the early attention of the Government; and his minor or secondary proposition is that the Government should pay attention to those recommendations pending the abolition of the passenger duty. My noble Friend's Amendment, and the Motion of my right honourable Friend opposite, are as one with regard to the main purpose of the resolution—viz., that attention should be given to the recommendations of the Committee of last session; but the noble Lord differs from the right honourable Gentleman in proposing to leave out the words "pending the question of," and in place of them to say, "although

this House does not advocate"—implying that he wishes the House to express an opinion rather than otherwise in favour of the retention of the duty. (Hear, hear.) I object to both these propositions on more grounds than one. I must assume that where we are called upon to put upon record, on the journals of this House, a resolution that certain recommendations of the Committee should receive the early attention of the Government, it is intended that the Government should, perhaps not to the letter, but in substance, adopt and act upon those recommendations. If it were merely a question that the Government should consider those recommendations with respect and attention, that I venture to submit would be an unnecessary Motion, because there can be no question whatever that these recommendations are under the most serious consideration of the Government—(hear, hear)—that we have received the report of the Committee with the respect which is due to it, and that in dealing with this question, which of course must be dealt with one day or another before very long, due consideration will be given to those recommendations. But we do not pledge ourselves at all to adopt them; and I must point out that in the whole of the discussion this evening, I will not say we have heard nothing of these recommendations, but certainly they have formed but an infinitesimal portion of the subject matter of the discussion which has taken place (Hear, hear.) My right honourable Friend and other speakers have gone into the merits and demerits of the tax, but the recommendations of the Committee have scarcely been dealt with. There can be no doubt as to the view of my right honourable Friend that the time must come when we must get rid of this tax, and the only question is whether we are to do something in the meantime. Whatever the question may be, I object to the House of Commons putting upon its journals a resolution which points to the abolition of the tax where there are avowedly not the means for giving effect to that resolution at once. (Hear, hear.) I think it would be inconvenient to hamper ourselves in that way, and if that is a course which ought not to be taken I do not object to my right honourable Friend moving something to bring about the discussion that has taken place, although I could wish it had been a little more to the point in regard to the recommendations. (Hear, hear.) I do not object at all to the discussion of these questions. I think that such

discussions are useful ; and I am sure that no one could have discussed a matter of this sort with greater ability or fairness than my right honourable friend the Member for Sandwich has done, although I think that in some respects he fell into error. But I must earnestly protest against our putting such a resolution as this upon the journals of the House. (Hear, hear). Now, I wish to say with reference to an observation which fell from my noble Friend that I think his view of the object with which the Committee of last session was appointed is a sound one. The truth is this. We found last year, in consequence of the final decisions on these questions with regard to the proper construction of the law as to exemptions, that the whole question was in a very confused state. We found that exemptions which one department had supposed it had a right to give were not strictly within the purview of the law. We found that the state of things had changed so much since the time when the original Act had passed that those very provisions which had been intended for the benefit of the working classes and third class passengers were turned against them, and incumbered rather than assisted them ; and it certainly did appear a reasonable proposal that a committee should look into the whole subject, and see whether anything could be done. I confess when that Motion was made, and when on the part of the Government I accepted it, I was in hopes that the enquiries made by the Committee might lead to the production of some scheme for the satisfactory adjustment of the question. But, in point of fact, if you take the report of the Committee, it comes to this, that, finding the knot rather difficult to untie, they proposed to cut it. (Hear, hear, and a laugh.) Although they proposed certain modifications and changes, anybody who carefully looks into the subject will see that, if you adopt these modifications and try to work the law from those bases, you would be likely to get into the same complications, or complications equally as inconvenient, as those we have hitherto experienced ; that you would sacrifice a large amount of revenue, and, after the lapse of a short time, find yourselves perhaps beset with a repetition of the difficulties of which you now complain. (Hear, hear.) My right honourable Friend talks about doing something with these recommendations pending the greater measure of the abolition of the duty, and he speaks as if he were making a very moderate pro-

position on that subject. Admitting the abolition of the duty to be a great stroke, he asks us in the meantime to consider the advisability of adopting the more moderate one; but I am afraid the right honourable Gentleman has under-estimated the cost of these remissions. They are rather difficult to calculate, but I have received a calculation which was originally made by the Board of Trade and has since been affirmed by the Board of Inland Revenue. This calculation shows, with some qualification, that taking as the basis the yield of the tax for the year 1875 these remissions would amount to no less than £604,000 out of a revenue of £747,000. (Hear, hear.) According to this calculation the loss on the third-class fares might be taken at £348,000; that on season and periodical tickets at £55,000; on the urban and suburban fares at £50,000, of which £18,000 would be on the Metropolitan line; and the abolition of the short-distance traffic at £150,000—thus making, as I have said, a total estimated loss of duty amounting to about £604,000. (Hear, hear). I do not lay very much stress on these figures. I do not wish to put them forward as a carefully prepared estimate. I only wish to show what is the opinion of the departments more immediately concerned—that from a first examination of the figures the loss might come to nearly six-sevenths or five-sixths, perhaps, of the actual yield of the duty. At all events there would be a very large remission, and one far beyond what it would be in our power at present to contemplate. (Hear, hear.) Therefore, on that ground alone, I should be very reluctant to accept the resolution. (Hear, hear.) Well, I want now to say a few words upon the general question. I think the House is now thoroughly aware of the outlines of the history of these remissions. Originally there was a tax laid on railway passengers. Then, in order to induce railway companies to do that which it was supposed they would not do for their own sake, the tax was remitted upon certain trains provided the companies complied with certain conditions, some of which were then supposed to be so extremely favourable and necessary for the convenience of the working classes. In process of time the companies found it to their interest to do more for the working classes and give greater facilities than it was attempted at first to compel them to do. In consequence of their giving these greater facilities, remissions were made; but it was found that the state of things under which the railway companies granted these facilities, some-

times in excess of the strict requirements of the law, was inconvenient. It was found that in some cases they were being taxed the more heavily the more those facilities were provided, that the facilities were sometimes illusory, and that the law was not being strictly complied with. That was a state of things which could not be regarded as satisfactory; and it was obvious that the departments, when they came to work the law, were obliged, from a general sense of equity—I do not like to use the word evading the law—but they were obliged to apply the law with some latitude, so that the *summum jus* might not become the *summa injuria*. (Hear, hear, and a laugh.) That was a condition of things which could not be allowed to continue any longer than could be helped. I admit that the state of the law on the subject is one which cannot be permanent, and ought not to be permanently maintained. (Hear, hear.) The time must come—probably soon come—when the matter must be carefully inquired into, and some means of getting out of these complications must be found; but I do not think that the adoption of these resolutions will be the best way—at least, I am not presently disposed to think that they would be the best way of meeting the difficulty. (Hear, hear.) I do not wish to pledge myself against them, and the leaning of my mind, so far as I have examined the question, is so much in the opposite direction, that I should certainly say that any attempt to pledge us by putting on record the sense of the House in favour of these particular steps would be unwise. (Hear, hear.) I think many of the observations of the hon. member for Warwick (Mr. A. Peel) were very much to the point. What he said with regard to the mischief of exemptions and the difficulties which would arise from these particular exemptions and remissions entirely coincides with my own view. There was one point on which he seemed to think that I had expressed an opinion of which he did not approve. He said he objected to remissions being doled out to the railway companies in return for certain concessions in the way of affording facilities to the public, and he suggested whether I connected the question of the passenger duty with that of making provision with regard to railway accidents. I entirely agree with him so far as this, that I do not think it would be a good plan to say “We will make certain remissions, if you will do such and such things;” but that is a different thing from what I should propose, and that is, if we were to have

legislation for the benefit of the public which might impose new regulations on the railway companies, that might be a very fair occasion for relieving them of a burden which has been laid upon them.

I rather want to consider the matter in that direction, because I do not think that the contention put forward by my right hon. Friend on behalf of the railway companies for the abandonment of the source of revenue by the State as a gratuitous gift to the railway companies can be acceded to. Sir, I think that the railway companies have no such cause of just complaint—a claim on the ground of justice—for the remission of this tax, as my right hon. Friend says. I agree with my noble friend the Member for Northumberland (Earl Percy), that we must not be carried away by the argument as to this tax being a tax on locomotion as a sufficient ground for the remission of the tax. Of course, all taxes fail somewhere, and there is something plausible for their remission. The tax upon tea is sometimes called a tax upon temperance, and we have heard of a tax upon prudence, and a tax upon paper has been called a tax upon knowledge, and then there are taxes upon manufactures and locomotion—all these are put forward, and when you have a nice sounding word that seems enough. We should never have any taxes to levy if we were to be carried away by such things. But my right hon. Friend says, “Take off this tax, because it will do such an amount of good, and will develop the industries of the country.” I am one of those who take a very free view of the great advantage of taking off the taxes upon industry. But in doing it you are cutting off one source of taxation to such an extent that you may soon lose the means of drawing it into the Exchequer, and I confess that I am not by any means sure that I could get back into the Exchequer the amount that I might sacrifice upon this tax. Then comes the question, “Would you really and truly benefit the public? Would they be the party who would benefit by this?” And there is the question upon which we are at issue. Our argument when we dispute that is—that by taking the tax off stage coaches or off other means of conveyance the public is sure to obtain the benefit. But this is the case of a monopoly. My right honourable Friend says—“It is not the case of a monopoly, and I shall entirely crush and destroy this wild and fallacious idea that railways are a monopoly.” I listened with very

great interest and curiosity to hear how the right honourable Member was going to show that that was the case. He says : "It is not a monopoly, because it is not an artificial monopoly." If it is a natural monopoly there may not be anything wrong in it. I am not making a charge against the railway companies. I do not say that they are wrong, but I say that it cannot be helped, and that was well answered by the honourable Member for Warwick (Mr. A. Peel), who said—"It is a monopoly, because, if you take the tax off these railway companies, they may or they may not reduce their fares." Circumstances will differ on different lines, but in a great number of them it is entirely in their option whether they consider it best to reduce their fares or not. You cannot get a railway company to run like a stage coach. If a man won't run his coach by the amount taken some one else will start a stage coach. If the duty is taken off sugar, and the dealer won't sell it cheaper, another man will do so. That cannot be the case in regard to railways, for they have a monopoly, or a qualified monopoly, which renders it uncertain whether the public will get the benefit of the tax. That being so, what is it that Parliament has to do in these matters. We have got a monopoly. Then it might be said : "We might try to encourage competition." But it leads, in the first place, to great expense, and leads afterwards to something like an arrangement between companies ; and after a great deal of capital has been expended, it brings on a compromise. And, therefore, what Parliament aims at is to make it a regulated monopoly. Let the monopoly be regulated by Act of Parliament under some wise system, and let care be taken that the public get the benefit which it ought to get. No doubt that is a very difficult matter. It was an attempt to regulate the monopoly which led to the introduction of cheap trains in the Act of 1844. It was an Act most admirable in design, but in execution, the circumstances having so entirely altered, it was a lamentable failure. I am not at all sure that in dealing with the same thing now we may not have similar difficulties hereafter. I think that my right honourable Friend, being assured that this subject is receiving the attention of the Government, that the Government are attempting and anxiously attempting to deal with it, and that we do not consider that the tax is at present in a satisfactory state, I hope that my right honourable Friend will not press his Motion. To subscribe to anything on

record is embarrassing to the Government, whether on the one side or the other. The question is not at the present moment ripe for decision. The question is one which it is well to discuss; it has been discussed by my right honourable Friend with great ability; and from the discussion which has taken place I have no doubt advantage will result. I venture to hope that this may be the limit of what we should do at the present time; and I hope that my right honourable Friend will be content with the debate which we have had. (Hear, hear.)

Mr. SAMUDA: Sir, my right honourable friend the Chancellor of the Exchequer admits that the law cannot be permanently retained as it now is. I think I gather from the speech of the right honourable Gentleman that he objects to the trouble which the committee, of which I had the honour of being one of the humble members, has taken of laying a plan before the House and the country of what they thought advisable to do with reference to changing this law. Now the difficulty which I think we have to contend with, apart from that which has been imported into it by the decision of the right honourable Gentleman, is that we find ourselves hampered by having to discuss a proposal which really does not embody the words of the Committee, and by finding that proposal opposed by the noble Lord opposite (Earl Percy), which goes much further in the opposite direction than what the Committee intended. The view of the Committee was that this impost should be got rid of when the fiscal condition of the country enabled it to be removed without interference with the necessities of the Chancellor of the Exchequer. The view, as put forward by my right honourable Friend below me (Mr. Knatchbull-Hugessen), is the same as is contended for by the noble Lord (Earl Percy), and both have the effect of committing the House to the necessity of debating the remission of this duty as the very first thing to deal with under any circumstances. That I conceive was not the view with which I voted before the Committee. I voted for it, believing it to be a very necessary and a very important alteration, to be made whenever the fiscal condition of the country will enable us to do it. But I by no means commit myself to the fact that it ought to be removed at once, and ought to be removed, even though that removal involved the imposition of other taxes; and, therefore, the Committee is not properly represented by

that portion of the resolution. But, passing over that, being a matter not necessary to deal with at the present moment, because we all know that it is impossible, with the amount of money in the coffers of the Chancellor of the Exchequer, to deal with the total remission of this tax, we then come to a matter on which my noble Friend (Earl Percy) and my right honourable Friend (Mr. Knatchbull-Hugessen) are agreed, that, if the general proposal were adopted, there is a wise mode of dealing with the present amount of duty. (Earl Percy indicated dissent.) So I understood my noble Friend, but I would not on any account misrepresent him if I can help it. Coming to that point, it expresses entirely my own view of it; and it does so because I find the matter in this position: the Chancellor of the Exchequer has said that there has been a very small amount of observation given in the course of this debate to that which I am sure had a great effect upon the Committee, viz., the decision of the House of Lords. We found the matter standing thus—that the intention by the original Act had evidently been set aside by the final decision of the House of Lords putting a different interpretation upon the law from that which had for twenty years previously governed the action of the law. The House of Lords is a tribunal of the last resort. We cannot go beyond it, and therefore this decision must be accepted by the country as the interpretation of the Act of Parliament as it exists; and when so interpreted as we have the decision of the House of Lords on the Cheap Trains Act, we found that the railways, instead of having to pay into the Exchequer a sum of something like between £300,000 and £400,000 a year, are now called upon and have actually paid into the Exchequer, in 1875, no less than £750,000. And, therefore, by an unexpected decision of a legal tribunal, we have had the imposition of the duty upon railways practically doubled. Now, will the Chancellor of the Exchequer allow me to point out that so far as the evidence went which we had laid before us, it was totally different in the result from that which has been represented to him? The result of those figures has led to the recommendations of the Committee. The evidence put before us came to this, that the amount of £750,000 which it was estimated would be paid in 1876, would be £400,000 if the recommendations of the Committee were adopted, to remit the duty upon all fares at a penny per mile and under; and the consequence from

that evidence which was put forward by Mr. Rickman, I think, the representative of the Inland Revenue, was that the loss the first year would have been £350,000. Evidence was also put before us that, taking the increase which had taken place in past years, in the course of four or five years, the increase would have recouped the whole sum to the revenue; and therefore at the end of five years the amount of the revenue would have been restored, even though we had remitted the duty on all trains and passengers charged at one penny and under per mile, to the amount which it has now reached from the Lords' decision, and in addition we should have saved all the trouble and expense of the long calculation now required to ascertain the proper amount of duty payable. There was one other decision arrived at by the Committee; and it was a resolution to the effect that in suburban districts a difference should take place—that the penny fare should not govern the reduction, but that all fares charged up to ninepence should govern the tax. Now, I must say that I was totally opposed to that view. I was in a great minority. My honourable friend below me, the Member for Warwick (Mr. Arthur Peel), and the noble Lord opposite (Earl Percy), voted in the minority in that matter. But except ourselves the whole of the Committee took an opposite view. But it does appear to me that no greater mistake could have been made than to make an exception with reference to the Metropolitan and suburban lines, after we had laid the foundation which would have enabled them if they subscribed to our conditions by giving the cheap fare of one penny per mile to their passengers, to have the duty remitted, and it was evidently wrong to encourage them to go to high fares by telling them that so long as the fare is ninepence you shall have the duty remitted, whether the ninepence represents one penny per mile or four times that amount. The Committee made a great mistake in that. The whole essence of the decision which was come to by the Committee—at least, so far as my own judgment was arrived at—was in this way, that we at once did two great things by coming to the conclusion to make one penny per mile remit the duty; you encouraged all railways to reduce their fares if they wished to avoid the duty, and you got rid of all complicated accounts between the revenue and the railways. I had no interest in it, and I did not look at it from a railway point of view, and I cared nothing what the railway point of view was,

but I believed that you would in that way advance the interests of the public. I do not, for one moment, say that the railways would have no portion of this reduction. The railways would get a portion, and the public would get a portion, but on the whole a general advantage would result, and if we could succeed (and that is a very great matter) in getting rid of the growth of this tax, for the growth will be something enormous, if it is not stopped now, and if it is allowed to grow for three or four years under the present unsatisfactory mode of levying it, then I do not know how the Chancellor of the Exchequer will be able hereafter ever to remit it. But if you can stop it at once, and bring it back and see that the loss won't be so great, but that in four years, you may expect to bring up the revenue to what it is at the present moment, then I cannot see but that the recommendations of the Committee have been extremely useful in proposing to get rid of the difficulty which we have suddenly found ourselves in, by reason of the unexpected decision of the House of Lords, and by reason of the enormous increase in the tax. Under these circumstances I do hope that the Chancellor of the Exchequer will not altogether allow his mind to be prejudiced against the proposal of the Committee.

With regard to the construction that may be put upon the terms of the resolution, the alteration of a very few words would, I think, meet the difficulty, if this is thought necessary. The alteration could be so made, and then the effect would be to do for the Railway Passenger Duty exactly what was done for the Paper Duty.

If I recollect rightly what took place on that occasion a Committee sat with reference to the Paper Duty, and the Committee came to the conclusion that it was advisable to remit that duty. They put the matter in an abstract way, to the effect that the Paper Duty should, at an early period be got rid of. They brought the matter prominently before the consideration of the House, and ultimately, the Chancellor of the Exchequer was induced to take the question into his consideration, and to place the proposal for its remission in his budget. A similar course, I presume, would be adopted in regard to the Railway Passenger duty; and I cannot help thinking, that after the labours of the Committee, and the great amount of information placed at its disposal by the Government and others—information upon which the Committee formed its judg-

ment—such labours and such information ought not to be wholly disregarded. (Hear, hear.)

Mr. GREGORY: I do not wish to detain the House on this occasion, but having addressed it in former debates on the same subject, I may be allowed to offer a few observations upon the Motion now before us. Whether we divide upon the question, or whether the right honourable Gentleman withdraws his Motion, I hope we shall not deal with the matter under any misconception. I make that remark in consequence of what has fallen from the honourable Gentleman who has just addressed the House, for he seems to be under the impression that the Chancellor of the Exchequer has given some encouragement, or that the right honourable Gentleman's observations imply some sort of encouragement to honourable members to hope that he will deal with the remission of this tax on some future occasion. As I understood the right honourable Gentleman, he meets this Motion with a direct negative, and intends to deal with it accordingly, whether the Motion itself be withdrawn or not. That is the way in which the question has been treated, I believe, on previous occasions; and for one or two reasons, with which I shall venture to trouble the House, that, I maintain, is the way in which it should be dealt with on the present occasion. We are asked to remit a sum, or to pledge ourselves for the remission of a sum, amounting to something like £600,000 a-year of revenue; and we are asked to remit that sum, at all events, in the first instance, to the railway companies, whose fares are taxed. On what ground are we asked to remit this tax? As I understand the right honourable Gentleman who has brought forward this question, we are asked to remit it on the ground that this was a tax originally imposed because there were taxes on other means of locomotion in the country; and that those taxes having ceased to be levied on other modes of locomotion, the railway companies ought no longer to have this passengers' duty imposed upon them. We are also asked to remit it, because it is said to be a discouragement to the development of railways, and a tax on locomotion. Let us deal with these points as they arise. In the first place, there is no doubt that at the time this tax was imposed, there were taxes on carriages and other vehicles which used the public roads, and that those taxes have since been remitted; but, I ask, are those vehicles on the same footing as those of the railway companies upon

which this tax is now imposed? Now, a good deal has been said about a monopoly, and it has been admitted on all hands, I think, that the railway companies do, to a certain extent, enjoy a monopoly. The railway lines themselves are, I admit, open to competition: that is to say, it is open to other persons to project a line of railway; and, if they can obtain sufficient powers from Parliament it is open to them to construct a line in competition with one or more existing lines. But upon the line constructed by any company, the company constructing it has an absolute monopoly; and a monopoly, which in the original constitution, was never contemplated by Parliament in regard to these companies. If you look at the original acts of the companies—if you consider their original constitution—you will find that what they were authorised for was the formation of highways, and that Parliament contemplated that every person should have a right of running upon these highways on payment of a toll. But it was subsequently found that no provision was ever made for giving those persons so using the highways the use of stations, sidings, watering places, and other facilities which were absolutely necessary for the use of the highway itself. Therefore, by the neglect of Parliament in not making those provisions, railway companies did obtain a monopoly, and a monopoly which was never contemplated in their original constitution and authorisation. They obtained that monopoly, and they have enjoyed it ever since their formation; and it is in respect to that monopoly so acquired against the original intention of Parliament that they remain subject to this tax. Then, it is said that the tax operates to prevent the development of railways. I was an old practitioner in the House in the great railway days, long before I had the honour of becoming a member of parliament; and the result of my experience at that time was, that there was an excessive development of railways in this country. I well remember the fighting which took place among the railway companies, and the manner in which they competed with each other. Those quarrels involved the promoters in an expenditure of large sums of money, which were absolutely wasted. I can remember Bill after Bill being promoted—they were called fighting Bills—merely for the purpose of keeping one company out of the territory, which the other company never meant to occupy. In this way enormous sums were expended, which were unremunerative, whereas if

the proprietors of the railways had maintained their own lines, letting branches into them to meet the public necessities, they would no doubt at this time have been earning ten per cent. The payment of this tax would have been utterly immaterial to any line so conducted that engaged in those contests. Mr. Robert Stephenson himself told me of a contest between two companies, with which he was connected, which cost something like £500,000, merely for the expenses in this House, which sum was entirely wasted, and which, if properly applied, would have gone at least half way towards making the line about which the two companies contended, and which I believe, was never made after all. I do not think that we need contemplate the development of railways as the great object which is to be attained by the remission of this tax. What guarantee, even if it were remitted, have we that it will be applied to that purpose? It is held out to us that it might be so employed; but does anybody in this house suppose for a moment that it would be so applied? Depend upon it when the question came before the meeting of shareholders, whether this money should be employed in providing additional station accommodation for the public, or whether it should be expended upon the shareholders themselves, the votes would be given in favour of the latter course. What would be the effect upon the Stock Market if it were known that another half per cent. would be added to the dividend by the remission of the tax? No proprietary would, for an instant, think of applying the amount of the tax, if remitted, to additional accommodation for the public. They would naturally put the remission into their own pockets. (Hear, hear.) Again, it is said that this is a tax upon locomotion. Now, does anybody suppose that one single passenger more or less would be carried in consequence of the remission of the tax? The railway companies adapt their fares to the passengers that they can carry; what they study is the number of passengers that they can obtain; and, whether this tax can be imposed or not, the fares will be adapted to the circumstances of their individual case and the traffic which can be obtained by the fares. If they find their traffic falling off in consequence of the scale of fares those fares will be altered accordingly. If they find that they can maintain their traffic and fares they will maintain them at their then present amount. I do not believe that the object which has been held out as an inducement

to remit this tax will be attained. We are told that some railway companies have added this tax to their fares, and if we remit this tax the fare will be reduced. In consequence of the Cattle Plague and other causes, the prices of articles of consumption have risen from time to time; but I venture to say that very few people know the prices to have been reduced when the causes of their having been raised have ceased to operate. The prices remain as long as they can be obtained from the public. And so it will be with the railway companies; the public will travel at the fares that have been imposed, so long as the fares are imposed, whether this taxation be remitted or not. The question which we really have to consider is this: By the remission of this tax, we are to give so much as bonus to railway shares, and we have to consider whether there is any ground for putting that money into their pockets. I venture to say that, for the last twenty years, nearly the whole of the railways of this country have practically changed hands; that is to say, the stock of these railways has been passed from one hand to the other, and everybody buying this stock, during that period, has bought it subject to this taxation. The parties who have so acquired the stock now come to us and ask for a remission of it for the purpose of creating an additional bonus to their stock. That is really the question, and we are asked to do this at the expense of the public, for at the expense of the public it must be done. If there is a margin, of course we must consider to what interest that margin of revenue will be applied. If it is applied to one interest, it must be at the expense of another. On the other hand, if there is no margin of revenue we shall be merely imposing fresh taxation on the public. That is the dilemma in which we should be placed by adopting the resolution, or assenting to it in any way. That is to say, we must accept this principle, that, if there is a balance of revenue at any time that can be applied to this purpose, we pledge ourselves that it will be so applied; if there is not such a balance, we, at all events, pledge ourselves to deal with it on some future occasion, and to impose fresh taxation on the public for the purpose, as I contend, of relieving railway shareholders. I do maintain that they have made out no case for this. On the contrary, I hold that if they had been content with a fair exercise of the powers which Parliament has given them, and had not engaged in the contests to which I have referred, they might have carried

on a profitable trade with the money they wasted in those contests. I also contend that this tax would then have been of no real consequence to them, and that they ought not now to have come to ask this House to grant its remission. (Hear, hear.)

Mr. RODWELL : Although I am most unwilling to protract this debate, I think, that having had the honour of presiding over the Committee which has led to this discussion, I might be considered guilty of disrespect, either to it or to the House, or of showing an indifference to the subject, if I allowed the discussion to close without saying a few words. I am the more tempted to do so, in consequence of the remarks which have been just addressed to the House by my honourable and learned Friend ; who seems to have taken this opportunity of inveighing loudly against the railway system in general, and I am at a loss to understand how the remarks which he made have any relation to the report or finding of the Committee, or to the subject now under consideration. It is certain, that my honourable and learned Friend has forgotten the report of the Committee, and of the proceedings of the Committee, if he has ever read them at all, as he is under some strange misapprehension as to the decisions at which they arrived, as well as the reasons which guided them to those decisions.

With regard to the policy of continuing a tax which comes within the category of those imposts upon articles of primary necessity, against which the whole course of modern legislation is opposed, I cannot agree with my honourable Friend. I will not go into that subject, but I will rather state to the House what the object and scope of the enquiry by the Committee was, and I do so because I think the whole discussion has been raised upon a rather false issue, viz., as if it were simply and solely a question between the railway companies on the one hand, and the taxpayers on the other, a mere struggle between taxpayers and shareholders. The honourable Gentleman said—"Does any one suppose that if this tax were remitted anybody would be the better?" He may think not, but his opinion is against the evidence of at least six gentlemen of credit and position, who gave the committee excellent reasons for arriving at a different conclusion ; and one or two of the witnesses said that by this exceptional charge two results had followed, the public had been the sufferers, and in consequence the traffic on the railways had diminished. The honourable Gentleman cannot have read

the evidence on that subject, or he would have seen that the Committee were strongly impressed with the belief that by an alteration in the law, advantages would result to those for whose benefit cheap trains were at first introduced. (Hear.) Let me remind the House of the original terms upon which the Committee was appointed—it was appointed

“To enquire into and report upon the operation of the present law relating to the railway passenger duty, and *especially*”

(a most important word)

“as to its effect upon the working of cheap trains,”

and it was on that point, amongst others, that the witnesses were called. One of the resolutions of the Committee was to this effect—

“That the construction put by several of the leading companies upon an enactment which was designed to provide greater accommodation for the poorer classes bears more hardly upon them than upon any other class of the community.”

So that it is evident that this resolution was *ad rem*, and it then gives the reason, because it—

“To some extent prevents the issuing of return, season and weekly tickets; if the exemption is earned the passenger must be delayed by stoppages; if the exemption is forfeited he has to pay the increased fare to meet the duty.”

There was evidence to show that the continuance of the tax did operate not merely to the pecuniary disadvantage of the poorer classes but to their discomfort and inconvenience in other ways. It kept them waiting at stations, and prevented them from having return, weekly and season tickets, and all the advantages which were every day becoming a necessity to persons living in the London suburban districts. It is not a mere money calculation, it is one of comfort and convenience to travellers by railways, and to those who work the railways. To say that this is a proposal merely to put money into the pockets of the shareholders is a proposition I cannot accept for one moment. The public had a grievance, and they came before the Committee to complain of it. An illustration of this was pointedly brought before the Committee, in the shape of a petition memorial signed by third class passengers travelling on the Brighton and South Coast Railway, complaining of the increase of fares. The Amendment of the noble Lord (Earl Percy) agrees, to a certain extent, with the Motion, but it opens up a much larger question than was intended, and the debate has taken a wider field. The recommendations of the Committee, as they now stand, were then—

"1. That the tax is an undesirable one to maintain longer than is necessary from a fiscal point of view, and they (the Committee) recommend its repeal whenever the state of the public revenue will permit."

"2. That until the finances of the State warrant the abolition of the tax the following modifications should be instituted, viz., that the present tax of 5 per cent. be restricted to fares over one penny per mile, and that the fares of all classes of passengers for the single journey carried in any train paying one penny or less per mile be exempted, and that this exemption should apply to return, weekly, and season tickets."

This is a recommendation in favour of the persons for whose special benefit the law was made, namely, those who travel by cheap trains. (Hear.) The second paragraph is directed entirely to the class entitled to privileges by the Cheap Trains Act, and that is really the question raised by the original Motion. There is another important matter to which I will draw the attention of the House. We found that the law was not and could not be carried out. It was asserted by all the witnesses connected with railway companies, and admitted by those representing the Government departments, that the provisions of the Cheap Trains Act, as interpreted by the courts of law, which involve among other things the running of at least one train daily from end to end each way stopping at every station, could not be strictly followed, and that the Act was constantly infringed. The Solicitor to the Board of Inland Revenue called it "obsolete," and the Secretary of the Board of Trade spoke of the approval of trains by his Department as having become a farce. The Inland Revenue had, therefore, felt bound to make arrangements with the railway companies based on different plans, and known as the ticket, mileage-fraction, and per centage systems (which are all entirely outside the Act), as a temporary means of doing justice to the railway companies and at the same time of protecting the interests of the Revenue. It seems to me that this was a strange state of things to which the attention of the Committee was called. The railway officials said that the law was unworkable, and that they were obliged every day to break the law (hear). My right hon. Friend (Mr. Hugessen) has only fulfilled a public duty in drawing the attention of the House and the Government to this daily, regular and organised infraction of the law. No one could have done it with greater propriety. I regret that my right hon. friend the Chancellor of the Exchequer should announce that he intends to move a distinct negative to the Motion of the right hon. Gentleman. His attention has been called to two blots, viz., that the law is daily broken, and,

secondly, that the law does not operate as it was intended it should act; and it is not too much to have expected that he would, at least, have said those blots should have the attention of Government, and that he would have looked at the suggestions made, at least, with a favourable eye, as tending to relieve him from a difficulty. How much longer can this anomalous state of things be permitted to go on? As the honourable Member for the Tower Hamlets has remarked, this tax now yields not £400,000 but £700,000 a year, and in the evidence to which I have referred one of the witnesses said that the larger sum was never anticipated. He also said—

“Although at the first there must be some loss, yet in a year or two the increase will be considerable, and the railways will give to the revenue far more than was expected at the time the law was passed.”

It must not be forgotten that the decision of the House of Lords was at variance with the accepted view of the law, and one may regard this unexpected increase to the revenue in the light of an accidental windfall. Therefore this case comes before Parliament in a peculiar way. The Chancellor of the Exchequer naturally wishes to keep hold of what he has got, but when he sees that it is the result of a systematic infringement or evasion of the law, I should have thought he would not be content to accept revenue from an illegal source, and I should have thought the Chancellor of the Exchequer would have promised that immediate attention should be given to the matter. (Hear.) After the very able and exhaustive speeches of the Proposer and Seconder of the original Motion, I will not venture into the general question, but I thought it right to say these few words in order to present to the House a view, which has been entirely ignored by the noble Lord and those who have opposed the Motion, who have regarded it simply in the light of a relief to the railway interest. I trust that the Chancellor of the Exchequer will take the matter into his most serious consideration, and that when the question again comes before the House, it will not be treated only as a railway question but as one affecting a very large class of the inhabitants of the Metropolis, and one which every day becomes far more important, in consequence of the altered habits of the people and the thousands and tens of thousands who travel daily upon the Metropolitan railways. (Cheers.)

Mr. WHALLEY: Sir, I cannot but distrust Motions of this kind when they are supported in the name of the working classes and honourable Gentlemen who are best known as representatives of the railway companies. I have no confidence with railway proprietors taking an enlightened view, even of their own interests, whenever those interests seem to come into collision with those of the public. The honourable and learned Member who has last spoken, has stated that the Bill was passed to meet the case of the working men, for whom especially these cheap trains were designed, but I should have been glad that those who usually exhibit an interest in the welfare of the working classes had taken up the question, rather than it should be taken up in their name in railway quarters only. In 1863 we spent five months in a committee up stairs in searching out the manner in which the railway companies had discharged their duties and obligations, and there was one prominent fact disclosed by that inquiry, and I think it will be found mentioned in the report of that committee, viz.:—that it was undoubtedly the interest of the railway companies to reduce their fares most materially. Mr. Glyn, and other persons of the highest authority in the management of railways, went so far as to say it would benefit the railway proprietary if the passenger fares were reduced one half. The objection, however, to an operation of that kind was, that although it would ultimately be for the benefit of the shareholders, yet it would be some years before they would be recouped for the immediate loss, and the transitory nature of railway property did not leave the directors liberty enough, or they had not got courage and honesty enough, or were so tied down by the positions in which they were placed, that they never have to this day taken that step, and we may look in vain for their taking any such enlightened view either for their own interests or those of the public. That being the case, and having the hold upon them given us by the Act of Parliament, we find session after session the right honourable Member for Sandwich, and all the railway authorities in the house, claiming remission of this duty. I do hope the Chancellor of the Exchequer will, before he consents to this remission, be satisfied whether the public have not a prior claim to insist upon a general and large reduction of fares throughout the kingdom! (Hear.) After all it is a question of comparison, and, if the Chancellor of the Exchequer has money to



3 9015 02112 4212

80

dispose of in this way, there is one thing above all others which has a right to his attention. I mean Schedule D under the income tax. Every evil peculiar to a bad tax is to be found there. The property tax is a righteous tax, and ought to be increased, but the income tax is in the highest degree demoralising; it makes men dishonest, as the returns made to the right honourable Gentleman by his own officers abundantly show.

AN HONOURABLE MEMBER asked if the honourable Gentleman was in order?

THE SPEAKER: I must remind the honourable and learned Member for Peterborough that the question before the House is not the Income Tax but the Railway Passenger Duty. (Hear.)

MR. WHALLEY: One tax cannot be taken off without another being put on, and I was endeavouring to show that there were taxes that had a prior claim on the Chancellor of the Exchequer for remission over the Railway Passenger Duty. I will not, however, pursue that subject. My main objection to this Motion is that it is brought before us in the interests of railway proprietors. Their interest, and the so called interests of the public, have been sufficiently stated: let us hear what is the opinion of those who are in this House and elsewhere the usual champions of the poorer classes; and I ask the Chancellor of the Exchequer not to give up this tax until he has inquired whether the railway proprietors have discharged the duties they undertook when they obtained their monopoly, in a manner satisfactory to the just claims of all classes of the public. (Cheers.)

MR. KNATCHBULL-HUGESSEN: I am sure, sir, the House has had enough of this debate, and I do not propose now to say anything which will extend it. My right honourable friend the Chancellor of the Exchequer has said that he was disappointed at some of my observations, but I must confess that I was also a little disappointed at his. However, we must endeavour to remember that he is now Chancellor of the Exchequer, and no longer a director of the South Devon Railway. My right honourable Friend also said the discussion has not turned upon the actual recommendations of the committee, but I can only say that so far as my own observations went I expatiated pretty freely upon those recommendations. Then, again, my right honourable Friend said the adoption of these recommendations would entail a loss upon

the revenue of something like 200,000. Information given to the Committee showed that it would be considerably less than that, but it would be impossible for me to permit this matter to go to a division with the idea upon the mind of my right honourable Friend and the House that so great a loss of revenue would be entailed. My right honourable Friend said that these recommendations were "under the serious consideration of the Government," and that "due attention would be given to them," but that he would not pledge himself. My only object in bringing forward this Motion to-night was that the subject should receive a thorough ventilation, and that the statement I have had to make might go before the country. I have advocated this question solely on public grounds, and trusting that the force of my arguments and the soundness of the cause I have represented will in the long run prevail, I am quite willing if my noble Friend will withdraw his Amendment, to withdraw my Motion also.

Earl PERCY: Mr. Speaker, sir, perhaps the House will allow me to say one word in answer to my right honourable Friend. As I understand it, his proposition is to withdraw the whole of his Resolution. (Hear.) I can only say that in moving this Amendment I have acted with no other desire than to prevent the House from being led to declare its adhesion to the proposal of the entire abolition of the tax. That object will, of course, be met if the Resolution of my right honourable Friend is withdrawn. I shall therefore be happy to withdraw my Amendment.

The Amendment and the Motion were then respectively, by leave of the House, withdrawn.

UNIVERSITY OF MICHIGAN



3 9015 02112 4212

80

LONDON:
PRINTED BY WATERLOW AND SONS LIMITED.

1877.

is-
the
erva-
nd